

DETACH
THE RETURN (CONTAINING AFFIDAVIT)
AND
DELIVER OR SEND IT
WITH PAYMENT
TO COLLECTOR OF
INTERNAL REVENUE
ON OR BEFORE
MARCH 15, 1919

KEEP THIS
WORK SHEET
AND THE
INSTRUCTION
SHEET

Page 1 of Work Sheet

Form 1040A.—UNITED STATES INTERNAL REVENUE SERVICE

WORK SHEET FOR INDIVIDUAL INCOME TAX RETURN
FOR NET INCOMES OF NOT MORE THAN \$5,000
For Calendar Year 1918

IF YOU NEED
ASSISTANCE
GO TO A
DEPUTY COLLECTOR
OR TO THE
COLLECTOR'S OFFICE
BUT FIRST
READ INSTRUCTIONS
AND
FILL OUT THIS SHEET
(FACE AND BACK)
IN PENCIL
AS WELL AS YOU CAN

1. Did you make a return for 1917? Yes
2. If so, what address did you give on that return? David J. Williams, Tacoma, Wash.
3. To what collector's office was it sent? (Give district or city and State.)
4. Give number, if any, assigned to you for 1917 if it does not appear in address at head of return 7-2-11
5. Were you in 1918 married and living with wife (or husband)? Yes
6. If not, were you the head of a family as defined in instructions under "Personal Exemption"? Yes
7. How many dependent persons under 18 (or mentally or physically defective) received their chief support from you during 1918? 4
8. If you claim any additional exemption on account of dependent persons other than your children, what was their relationship to you?
9. Write "R" if this return shows income received, or "A" if it shows income accrued R

10. Did your wife (or husband) or minor child make a separate return? No
(If so, give name and address thereon.)

11. Did you or your wife (or husband) or dependent minor children receive any interest on U. S. Liberty Bonds, or any salary not reported elsewhere in this return or in a separate return? Yes
(If so, give sources and amounts.) 1.25 - U. S. Liberty Bond

12. Enter name and address of each organization to which you made contributions claimed as deductions, and amount paid to each. Red Cross 5.00

13. Enter in this table details concerning repairs, wear and tear, and property losses claimed as deductions in Schedules A, E, and I on page 2 of return (see instructions):

1. Refer to "A," "E," or "I."	2. Kind of property. (If buildings, state also material of which constructed.)	3. Year acquired.	4. Cost of property (or market value March 1, 1913).	5. Repairs not offset by claims for wear and tear or losses.	Wear and tear (depreciation) and depletion charged off—			Losses not compensated for by insurance.	
					6. Rate.	7. Amount previous years.	8. Amount this year.	9. Cause of loss.	10. Amount of loss.
			\$	\$	\$		\$		\$

CALCULATION OF TAX

M. Net income shown on page 2, Item J	\$ 1794.06	P. Tax due (6% on amount of Item O)	\$
N. Less personal exemption (see Instruction VI)	2800.00	Q. Less normal tax of 2% on amount of Item F	
O. Balance (income taxable at 6%)	\$ None	R. Balance of tax due	\$
NOTE.—If the amount on line O exceeds \$4,000, the excess is taxable at 12%, and your return should be made on Form 1040.		S. Amount of tax paid on submission of return	\$

TAXPAYER'S RECORD OF PAYMENTS

PAYMENT.	AMOUNT.	DATE.	CHECK OR M. O. No.	BANK OR OFFICE OF ISSUE.
First	\$			
Second	\$			
Third	\$			
Fourth	\$			

RETAIN THIS SHEET AND INSTRUCTION SHEET

TAXPAYER'S WORK SHEET FOR RETURN OF TAXABLE INCOME

(Including income of wife (or husband) and dependent minor children, unless reported in separate returns (see instruction I))

A. INCOME FROM BUSINESS OR PROFESSION.

1. Kind of business.....		2. Business address.....	
3. Total sales and income from business or professional services..... \$			
COST OF GOODS SOLD:		OTHER BUSINESS DEDUCTIONS:	
4. Labor.....	\$	12. Salaries and wages not reported as "Labor" under "Cost of Goods Sold".....	\$
5. Material and supplies.....		13. Rent.....	
6. Merchandise bought for sale.....		14. Interest on business indebtedness.....	
7. Other costs.....		15. Taxes on business and business property.....	
8. Plus inventories at beginning of year.....		16. Repairs, wear and tear, and property losses.....	
9. TOTAL.....	\$	17. Bad debts arising from sales.....	
10. Less inventories at end of year.....		18. Other expenses.....	
11. NET COST OF GOODS SOLD.....	\$	19. TOTAL OTHER BUSINESS DEDUCTIONS.....	\$
20. NET COST OF GOODS SOLD PLUS TOTAL OTHER BUSINESS DEDUCTIONS..... \$			
21. NET INCOME FROM BUSINESS OR PROFESSION..... \$			

B. INCOME FROM SALARIES, WAGES, COMMISSIONS, BONUSES, DIRECTOR'S FEES, AND PENSIONS.

1. By whom received.	2. Occupation.	3. Name and address of employer.	4. Gross income.	5. Deductions, if any.
J. R. Yost	Auto Business	Yost & Auto Co. Edmonds	\$1527 10	
		Edmonds Spring Water Co.	300 00	
NET INCOME FROM SALARIES, ETC. (total of column 4 minus total of column 5)			\$1827 10	\$1827 10

C. INCOME FROM PARTNERSHIPS, PERSONAL SERVICE CORPORATIONS, AND ESTATES AND TRUSTS (not including amounts reported under F and K).
(State name and address of partnership, etc.)

D. PROFIT FROM SALE OF LAND, BUILDINGS, STOCKS, BONDS, AND OTHER PROPERTY.

1. Kind of property.	2. Year acquired.	3. Name of purchaser or broker.	4. Sale price.	5. Original cost or market value March 1, 1913.	6. Cost of subsequent improvements, if any.	7. Depreciation subsequently sustained.
			\$	\$	\$	\$
NET PROFIT FROM SALES (total of cols. 4 and 7 minus total of cols. 5 and 6)			\$	\$	\$	\$

E. INCOME FROM RENTS AND ROYALTIES.

1. Kind of property.	2. Name and address of tenant or lessee.	3. Cash or equivalent received.	4. Wear, tear, repairs, and property losses.	5. Other expenses and losses.
		\$	\$	\$
NET INCOME FROM RENTS AND ROYALTIES (total of col. 3 minus total of cols. 4 and 5)		\$	\$	\$

F. INTEREST ON CORPORATION BONDS CONTAINING TAX-FREE COVENANT, ON WHICH A TAX OF 2% WAS PAID BY DEBTOR CORPORATION
(including such interest received through fiduciaries)

G. OTHER INCOME (not including dividends) (State each source separately).	1. Cash received.	2. Deductions, if any.
	\$	\$
NET TOTAL (total of column 1 minus total of column 2)		\$

H. TOTAL NET INCOME FROM ABOVE SOURCES.

I. GENERAL DEDUCTIONS NOT INCLUDED ABOVE.

1. Interest paid on indebtedness.....	\$	3. Losses by fire, storm, or casualty not claimed above.....	\$	5. Other deductions, if any.....	\$
2. Taxes paid.....	2804	4. Contributions.....	500	TOTAL.....	
					\$ 3304

J. Total net income on which normal tax is to be calculated (H minus I) (Enter as Item M, page 1)

K. Dividends on stock of corporations organized or doing business in the United States (including dividends received through partnerships, personal service corporations, and fiduciaries)

L. Total net income (if this amount is over \$5,000, make your return on Form 1040)

\$1794 06
1845 85
3639 91

INSTRUCTIONS FOR FILLING INDIVIDUAL INCOME TAX RETURN FOR NET INCOMES OF NOT MORE THAN \$5,000**I. HOW TO DECIDE WHETHER TO MAKE A RETURN.**

1. Calculate your net income by filling in page 2 of the work sheet according to page 2 of the instructions.
2. Add the net income of your wife (or husband) and dependent minor children, if any, except as provided in paragraph 4.
3. The total family income, calculated in accordance with paragraphs 1 and 2, must be reported, either in your return or in a separate return by wife (or husband), if it equals or exceeds—
 - (a) \$2,000 if you are married and live with your wife (or husband).
 - (b) \$1,000 if you are not married or do not live with your wife (or husband).
4. Income of a minor or incompetent, if derived from a separate estate under control of a guardian, trustee, or other fiduciary, must be reported by his guardian or other legal representative.

II. ACCRUED OR RECEIVED INCOME.

1. If you keep books showing income accrued and expenses incurred during the year, make your return from your books, but do not fail to include all your income even if it is not entered in your books.
2. If you do not keep books showing income accrued and expenses incurred, report income received and expenses paid.
3. If you report income accrued, you must include all income that accrued in 1917 but was not received until 1918, unless it was reported in last year's return.
4. If you report income received, you must include all income constructively received, as bank interest credited to your account.

III. RECEIPTS EXEMPT FROM TAX.

The following classes of receipts are exempt from income tax, and need not be reported on page 2 of the return:

1. Pay, not exceeding \$3,500, for active services in the military and naval forces of the United States.
2. Gifts (not made as a consideration for service rendered) and money and property acquired under a will or by inheritance (but the income derived from money or property received by gift, will, or inheritance is taxable and must be reported).
3. Interest on bonds and other obligations of the United States issued before September 1, 1917, and on such bonds and other obligations issued since that date, provided your holdings do not exceed the exemptions allowed by law.
4. Interest on bonds and other obligations of United States possessions (Philippines, Porto Rico, etc.).
5. Interest on bonds and other obligations of States, territories, political subdivisions thereof (such as cities, counties, and townships), and the District of Columbia.
6. Interest on Federal Farm Loan bonds.
7. Proceeds of life insurance policies paid on the death of the insured.
8. Amounts received by the insured under life insurance, endowment, and annuity contracts, provided such payments do not exceed the premiums paid in. The amount by which the total payments that have been received exceed the total premiums paid in is income and must be reported in Schedule G.
9. Amounts received from accident and health insurance and under workman's compensation acts plus the amount of any damages received by suit or agreement on account of injuries or sickness.

IV. FARMER'S INCOME SCHEDULE.

If you are a farmer, get from the collector and fill out a "Schedule of Farm Income and Expenses." Transfer the net farm income to line 21 of Schedule A of the return. Report income from salaries, rents, interest, sales of property, etc., in Schedules B to G of the return. Send your Schedule of Farm Income and Expenses with the return to the collector.

V. PERIOD TO BE COVERED BY RETURN.

1. You must report your net income for the calendar year 1918, except under the conditions stated in paragraph 2.
2. If you are engaged in business and keep books of account which are regularly closed each year at the end of some month other than December to determine your annual profit or loss, you may, after obtaining the collector's approval, make a return covering the period from January 1, 1918, to the date on which you closed your books, and thereafter for each period of 12 months.
3. If you make a return for a part of the calendar year 1918, your personal exemption shall be as many twelfths of the amount that would be allowed for a full year as there are months in the period covered by the return.
4. The dates on which the period covered by the return begins and ends, if other than the calendar year 1918, must be plainly stated at the head of the return; answers to questions 5, 6, and 7 must be given for that period; and the affidavit must be changed accordingly.

VI. PERSONAL AND FAMILY EXEMPTION.

1. If you were married and lived with your wife (or husband) or were head of a family in 1918, you may subtract from your net income, before calculating your tax, a family exemption of \$2,000 plus \$200 for each person under 18 (or mentally or physically defective) who received his chief support from you. If husband and wife make separate returns, this exemption may be claimed by either (but not by both) or may be divided between them.
2. If you were not married or did not live with wife (or husband) and were not head of a family in 1918, you are entitled to a personal exemption of \$1,000 plus \$200 for each dependent person under 18 (or mentally or physically defective) who received his chief support from you.
3. If you were entitled to any of the foregoing exemptions during a part of the year only, you may claim as many twelfths of the exemptions stated as there were months in such part of the year. Any part of a month may be counted as a month.
4. The personal or family exemption must be reported on line N, page 1, of the return, and must be supported by answers to questions 5, 6, 7, and 8.
5. A "head of family" is a person who is the chief support of one or more persons living in his household, who are closely related to him (or her) by blood, marriage, or adoption.

VII. WHEN TO USE FORM 1040 INSTEAD OF THIS FORM.

You must make your return on Form 1040—

- (a) If your net income is over \$5,000.
- (b) If the net income reported in this return exceeds \$4,000 and the entire family exemption has been claimed in a separate return made by wife (or husband).
- (c) If this form does not provide for all the facts you have to report (as, for example, if you receive income from a partnership or personal service corporation with a fiscal year falling partly in 1917 and partly in 1918).

VIII. AFFIDAVIT.

1. The affidavit must be executed by the person whose income is reported unless he is a minor or incompetent or unless he is ill, absent from the country, or otherwise incapacitated, in which case the legal representative or agent may execute the affidavit.
2. The oath will be administered without charge by any collector or deputy collector of internal revenue, or (if you are in the military or naval service of the United States) by any military or naval officer who is authorized to administer oaths for purposes of military or naval justice and administration. If an internal revenue officer is not available, the return should be sworn to before a notary public, justice of the peace, or other person authorized to administer oaths.

IX. WHEN AND WHERE THE RETURN SHOULD BE SENT.

Send your return to the collector of internal revenue for the district in which you live or have your place of business so that it will reach him on or before March 15, 1919. If the address of the collector is not printed on the return and you do not know it, ask at the post office or bank.

X. WHEN AND TO WHOM THE TAX MUST BE PAID.

1. The tax should be paid, if possible, by sending or bringing with the return a check or money order drawn to the order of "Collector of Internal Revenue at [insert name of city and State]."
2. Do not send cash through the mail, or pay it in person except at the office of the collector or a regularly established internal revenue stamp office.
3. At least one-fourth of the tax is due at the same time that this return is due.
4. An additional amount sufficient to bring the total payments up to one-half of the tax is due on or before June 15, 1919.
5. An additional amount sufficient to bring the total payments up to three-fourths of the tax is due on or before September 15, 1919.
6. The entire remainder of the tax is due on or before December 15, 1919.
7. If any payment is not made when due, a penalty of 5 per cent of the amount due but unpaid will be incurred. The entire unpaid balance of the tax will also become due 10 days after demand therefor by the collector.
8. If you pay in cash, do not fail to get a receipt at the time of payment. If you pay by check or money order, your canceled check or your money order receipt will serve as a receipt.

XI. PENALTIES.**For Making False or Fraudulent Return.**

Not exceeding \$10,000 or not exceeding one year's imprisonment, or both, in the discretion of the court, and, in addition, 50 per cent of the tax evaded.

For Failing to Make Return on Time.

Not more than \$1,000, and, in addition, 25 per cent of the amount of tax due.

For Failing to Pay Tax When Due.

Five per cent of the amount unpaid, plus 1 per cent interest for each full month during which it remains unpaid.

INSTRUCTIONS FOR FILLING IN TAXABLE INCOME

A. INCOME FROM BUSINESS OR PROFESSION.

Report here income from—

(a) Sale of merchandise, or of products of manufacturing, construction, mining, and agriculture. (For farm income see Instruction IV on the back of this sheet.)

(b) Business service, such as transportation, storage, laundering, hotel and restaurant service, livery and garage service, etc., if you own the business. If you are engaged in the business as an employee, report your salary or wages in Schedule B.

(c) A profession, such as medicine, law, or dentistry, if you practice it on your own account. If you are employed on a salary, report your salary in Schedule B.

In general, report in Schedule A any income in the earning of which you incur expenses for labor, rent, etc. Do not report here partnership profits or profits of personal service corporations, which should be entered under C, or dividends from other corporations, which should be entered under K.

If you are a farmer (or a farm owner renting your farm to another person on shares), enter on line 21 your net income from farming, as shown by your "Schedule of Farm Income and Expenses."

Kind of business.—Enter "grocery," "retail clothing," "drug store," "laundry," "doctor," "lawyer," etc.

If you keep books showing income accrued, report such income instead of cash received, and report expenses incurred instead of expenses paid.

Income received from sale of lands, buildings, equipment, stocks, bonds, and other property not dealt in as a business should be reported under D.

Total sales and income from business or profession.—Report the total amount derived from sales, less any discounts or allowances from the sale price.

Other business deductions.—Do not include cost of business equipment or furniture, expenditures for permanent improvements to property, or living and family expenses. Do not deduct interest on your own investment in your business or salary or wages for your own services or the services of your family, unless these items are included as income in Schedule B or G.

Rent.—Report here rent for business property (not including rent for dwelling you occupy).

Interest.—Report here interest on business indebtedness, including indebtedness incurred to purchase or carry business property.

Taxes.—Report here only taxes on business property or for carrying on business. Do not include taxes assessed against local benefits of a kind tending to increase the value of the property assessed, as for paving, sewers, etc., nor Federal income taxes.

Repairs, wear and tear, and property losses.—Report here (a) ordinary repairs required to keep property in usable condition, (b) depreciation during the year on business property, only to the extent not offset by repairs or losses claimed in this or previous returns, and (c) losses of business property by fire, storm, theft, etc., not compensated for by insurance or otherwise, and for which no claim for insurance is pending. Explain these deductions in table, page 1 of the return, Item 13.

Do not claim depreciation or losses on articles that have been taken into your inventory at a figure reflecting the reduction in value.

Bad debts.—Report here only debts arising from sales that have been reported as income, which have been definitely proved to be worthless and have been charged off within the year.

Other expenses.—Do not include your personal exemption here. This is to be reported as Item N.

Net loss.—If the net cost of goods sold plus other business expenses is in excess of the total amount of sales and income from business or professional services, report the difference as a loss by using red ink or a minus sign.

B. INCOME FROM SALARIES, WAGES, COMMISSIONS, BONUSES, DIRECTOR'S FEES, AND PENSIONS.

If salary, wages, or other compensation received by you, your wife (or husband), or dependent child was at the rate of \$1,000 or more per annum, report it on a separate line, together with the occupation or position and employer's name and address. All other income from salaries, wages, com-

missions, etc., at a rate less than \$1,000 per annum should be reported on a single line.

Do not report pay, not exceeding \$3,500, for active service in the Army or Navy (see Instructions III, paragraph 1, on the other side of this sheet).

Explain deductions in any convenient blank space on the return. Do not enter your personal exemption here.

C. INCOME FROM PARTNERSHIPS, PERSONAL SERVICE CORPORATIONS, AND ESTATES AND TRUSTS.

Report your share (whether received or not) in the profits of the partnership or personal service corporation or in the income of estate or trust (if placed to your credit), not including the part of such share that consisted of dividends on stock of ordinary corporations (to be included in Item K), interest on obligations of the United States (see question 11), or (in the case

of estates and trusts) interest on corporation bonds containing a tax-free covenant, upon which a tax of 2 per cent was paid (or will be paid) by the debtor corporation (to be included in Item F).

Report in Schedule B salary received from partnership or personal service corporation.

D. PROFIT FROM SALE OF LAND, BUILDINGS, STOCKS, BONDS, AND OTHER PROPERTY.

Use this schedule for all sales of real estate, and for sales of other property that you do not deal in as a business.

Kind of property.—Describe the property as definitely as you can in a word or two, as "farm," "house," "lot," "stocks," "bonds."

Sale price.—State the actual consideration or price, or, in case of an exchange, the fair market value of the property received.

Cost.—Enter the original cost of the property or, if it was acquired before

March 1, 1913, its fair market value on that date. Expenses incidental to the purchase may be included in the cost if never claimed in income tax returns as deductions from income. Enter in column 7 the amount of wear and tear (depreciation) or depletion sustained since March 1, 1913 (or since date of acquisition if subsequent to March 1, 1913). (This is a deduction from cost, though treated for convenience as an addition to the sale price.)

Losses.—If the total of columns 5 and 6 is in excess of the total of columns 4 and 7, report the difference as a loss by using red ink or a minus sign.

E. INCOME FROM RENTS AND ROYALTIES.

Kind of property.—Describe briefly, as in D.

Cash or equivalent received.—If a tenant rented your property on a cash rental basis, but paid the rent in crops or other property, report the amount of the rent as income for the year in which you received such crops or other property (unless your return shows income accrued).

Wear, tear, repairs, and property losses.—See instructions for Schedule A, above. Explain in Item 13, page 1 of the return.

Other expenses and losses.—Report taxes on rented or leased property and interest on indebtedness incurred or continued to purchase or carry it. Do not include taxes assessed against local benefits of a kind tending to increase the value of the property assessed.

F. INTEREST ON CORPORATION BONDS CONTAINING TAX-FREE COVENANT, ON WHICH TAX OF 2% WAS PAID BY DEBTOR CORPORATION.

This item should include all interest received directly or through fiduciaries on bonds of corporations organized or doing business in the United States, containing a clause by which the debtor corporation agrees to pay the interest without any deduction for taxes, provided exemption from withholding was

not claimed by the owner of the bonds. If exemption was claimed, the interest received must be reported in G. (The amount of tax paid by the debtor corporation is treated as a credit against the tax due. See Item Q, page 1 of the return.)

G. OTHER INCOME (NOT INCLUDING DIVIDENDS).

Report in this schedule interest received on bank deposits, notes, mortgages, etc., and all other income not reported in Schedules A to F, except—

(a) Dividends received from corporations organized or doing business in the United States (see Item K).

(b) Receipts exempt from tax, as stated in Instruction III on the other side of this sheet.

State separately income from each source.

Deductions.—Interest paid on loans secured by bonds may be reported here as an offset to the interest received. Explain deductions in any convenient blank space on the return.

I. GENERAL DEDUCTIONS.

Interest.—Report here interest paid on personal indebtedness as distinguished from business indebtedness (which should be reported under A, E, or G above). Do not include interest on indebtedness incurred for the purchase of bonds and other obligations, the interest on which is exempt from tax (see Instruction III, page 1).

Taxes.—Report here taxes paid on your dwelling and household property, not including those assessed against local benefits of a kind tending to increase the value of the property assessed. Do not include Federal income taxes, nor estate or inheritance taxes.

Losses.—Report here losses of property not connected with your trade, business, or profession, sustained during the year from fire, storm, ship-

wreck, or other casualty, or from theft, which were not compensated for by insurance or otherwise, and for which no claim for insurance is pending. Explain such losses in Item 13 on page 1 of the return.

Contributions.—Report here only contributions made within the year to corporations organized and operated exclusively for religious, charitable, scientific, or educational purposes, or for the prevention of cruelty to children or animals, or to the special fund for vocational rehabilitation. The total amount of contributions to be entered here must not exceed 15 per cent of the net income computed without the benefit of this deduction.

Other deductions.—Bad debts arising out of personal loans may be reported here.

DETACH
THE RETURN (CONTAINING AFFIDAVIT) AND
DELIVER OR SEND IT WITH PAYMENT TO COLLECTOR OF INTERNAL REVENUE ON OR BEFORE MARCH 15, 1920

PAY YOUR TAX IN FULL WHEN YOU FILE YOUR RETURN, THEREBY REDUCING THE COST OF COLLECTION AND AVOIDING POSSIBLE ANNOYANCE TO YOU

Form 1040A—UNITED STATES INTERNAL REVENUE SERVICE

WORK SHEET FOR INDIVIDUAL INCOME TAX RETURN
FOR NET INCOMES OF NOT MORE THAN \$5,000
For Calendar Year 1919

PRINT NAME AND ADDRESS PLAINLY BELOW

Jacob R. Yost
(Name)
Edmonds Wash
(Street and number or rural route)
Wash 16579
(Post office and State)

IF YOU NEED ASSISTANCE GO TO A DEPUTY COLLECTOR OR TO THE COLLECTOR'S OFFICE BUT FIRST READ INSTRUCTIONS AND FILL OUT THIS SHEET (FACE AND BACK) IN PENCIL AS WELL AS YOU CAN

1. Did you make a re-
turn for 1918? *yes*
2. If so, what address did you give on that return? *David G. Williams, Tacoma Wash*
3. To what collector's office was it sent? *(Give district or city and State.)*
4. Were you married and living with wife (or husband) Dec. 31, 1919? *yes*
5. If not, were you on that date the head of a family as defined in instructions under "Personal Exemption?" *yes*
6. How many dependent persons under 18 (or mentally or physically defective) were receiving their chief support from you on Dec. 31, 1919? *no*
7. Write "R" if this return shows income received, or "A" if it shows income accrued *R*
8. Did you pay during the calendar year to any individual rent, wages, salaries or other fixed or determinable income amounting to \$1,000 or over? *no*
(If so, secure from the collector Forms 1096 and 1099 and file a return of information.)

9. Did your wife (or husband) or minor child make a separate return? *no*
(If so, give name and address shown thereon.)

10. Did you, your wife (or husband) or minor children receive any interest on U. S. Liberty Bonds or any other income not reported elsewhere in this return or in a separate return? *yes*
(If so, give sources and amounts.)

\$9.00 U. S. Liberty Bonds

11. Enter name and address of each organization to which you made contributions claimed as deductions, and amount paid to each.

12. Enter in this table details concerning repairs, wear and tear, and property losses, claimed as deductions in Schedules A, E and I on page 2 of return (see instructions): If property was acquired prior to March 1, 1913, attach statement explaining how value as of that date was determined.

1. Refer to "A," "E," or "I."	2. Kind of property. (If buildings, state also material of which constructed.)	3. Date acquired.	4. Cost or market value March 1, 1913, if acquired prior thereto.	5. Repairs ordinary and incidental.	Wear and tear (depreciation) and depletion charged off—			9. Losses not compensated for by insurance. Cause and how amount was arrived at.
					6. Rate.	7. Amount previous years.	8. Amount this year.	

Attach a detailed statement of repairs showing nature and amount of each item of expenditure.

CALCULATION OF TAX

M. Net income shown on page 2, Item J	<i>\$2371.96</i>	P. Tax due (4% on amount of Item O)	\$
N. Less personal exemption (see Instruction VII)	<i>2800.00</i>	Q. Less normal tax of 2% on amount of Item F	\$
O. Balance (income taxable at 4%)	<i>\$ none</i>	R. Balance of tax due	\$
NOTE.—If the amount on line O exceeds \$4,000, the excess is taxable at 8%, and your return should be made on Form 1040.		S. Amount of tax paid on submission of return	\$

TAXPAYER'S RECORD OF PAYMENTS

PAYMENT.	AMOUNT.	DATE.	CHECK OR M. O. No.	BANK OR OFFICE OF ISSUE.
First	\$			
Second	\$			
Third	\$			
Fourth	\$			

A. INCOME FROM BUSINESS OR PROFESSION.

1. Kind of business.....	2. Business address.....	
3. Total sales and income from business or professional services.....	\$	<i>None</i>
COST OF GOODS SOLD:		
4. Labor.....	\$	
5. Material and supplies.....		
6. Merchandise bought for sale.....		
7. Other costs.....		
8. Plus inventories at beginning of year.....		
9. TOTAL.....	\$	
10. Less inventories at end of year.....		
11. NET COST OF GOODS SOLD.....	\$	
OTHER BUSINESS DEDUCTIONS:		
12. Salaries and wages not reported as "Labor" under "Cost of Goods Sold".....	\$	
13. Rent on business property in which taxpayer has no equity.....		
14. Interest on business indebtedness to others.....		
15. Taxes on business and business property.....		
16. Repairs, wear and tear, and property losses.....		
17. Bad debts arising from sales or professional services.....		
18. Other expenses (attach classified statement).....		
19. TOTAL (Items 12 to 18 inclusive).....	\$	
20. NET COST PLUS TOTAL DEDUCTIONS (Item 11 plus Item 19).....	\$	
21. NET INCOME FROM BUSINESS OR PROFESSION (Item 3 minus Item 20).....	\$	<i>None</i>

B. INCOME FROM SALARIES, WAGES, COMMISSIONS, BONUSES, DIRECTOR'S FEES AND PENSIONS.

1. By whom received.....	2. Occupation.....	3. Name and address of employer.....	4. Amount received.....
<i>J. R. Yoab</i>	<i>Auto Business</i>	<i>Yoab Auto Co</i>	<i>\$2400.00</i>
Salary to self and dependent minor children included in any deduction in Schedule A.....			
TOTAL INCOME FROM SALARIES, ETC.....			
<i>None</i>			

C. INCOME FROM PARTNERSHIPS, PERSONAL SERVICE CORPORATIONS, AND FIDUCIARIES REPORTING ON A CALENDAR YEAR BASIS(not including amounts reported under F and K).
(State name and address of partnership, etc.)*None***D. PROFIT FROM SALE OF LAND, BUILDINGS, STOCKS, BONDS AND OTHER PROPERTY, AND FROM LIQUIDATING DIVIDENDS.**

1. Kind of property.	2. Name of purchaser or broker.	3. Sale price or liquidating dividends.	4. Date acquired.	5. Cost or market value Mar. 1, 1913, if acquired prior thereto.	6. Cost of subsequent improvements, if any.	7. Depreciation subsequently sustained.
		\$		\$	\$	\$
NET PROFIT (total of cols. 3 and 7 minus total of cols. 5 and 6).....		\$		\$	\$	\$
						<i>None</i>

E. INCOME FROM RENTS AND ROYALTIES.

1. Kind of property.	2. Name and address of tenant, lessee, etc.	3. Amount (cash or equivalent)	4. Repairs, wear, tear, and property losses.	5. Other expenses.
		\$	\$	\$
NET INCOME FROM RENTS AND ROYALTIES (total of col. 3 minus total of cols. 4 and 5).....		\$	\$	\$
				<i>None</i>

F. INTEREST ON CORPORATION BONDS CONTAINING TAX-FREE COVENANT, ON WHICH A TAX OF 2% WAS PAID BY DEBTOR CORPORATION
(including such interest received through partnerships, personal service corporations and fiduciaries reporting on calendar year basis).*None***G. OTHER INCOME (not including dividends, which should be reported in Item K).**

Amount paid for you by debtor corporation on tax-free covenant bonds (Item Q, page 1).....	Amount received.....
	\$
TOTAL.....	<i>None</i>

H. TOTAL NET INCOME FROM ABOVE SOURCES*2400.00***I. GENERAL DEDUCTIONS NOT INCLUDED ABOVE.**

1. Interest paid on indebtedness.....	\$	3. Losses by fire, storm, or casualty not claimed above.....	\$	5. Bad debts and other deductions, if any (attach detailed statement).....	\$
2. Taxes paid.....	<i>28.04</i>	4. Contributions.....		TOTAL.....	<i>28.04</i>

J. Total net income on which normal tax is to be calculated (H minus I) (Enter as Item M, page 1)*2371.96***K. Cash or Stock Dividends from corporations which are taxable by the United States upon any portion of their net incomes (including dividends received through partnerships, personal service corporations, and fiduciaries reporting on a calendar year basis)***2548.20***L. Total net income (if this amount is over \$5,000, make your return on Form 1040)***4919.16*

GENERAL INSTRUCTIONS

INDIVIDUAL RETURN

I. PERSONS REQUIRED TO MAKE A RETURN OF NET INCOME.

1. Return of net income must be filed by every citizen of the United States, whether residing at home or abroad, and every person residing in the United States, though not a citizen thereof, whose net income for the taxable year 1919 amounted to—

- (a) \$1,000 if single or if married and not living with wife (or husband).
- (b) \$2,000 if married and living with wife (or husband).

2. Under any of these circumstances a return must be made even though the amount of net income is not sufficient to incur tax liability. Note especially personal credits for exemption and dependents under Instruction VII on this page.

3. If the combined income of husband, wife, and dependent minor children equaled or exceeded \$2,000, all such income must be reported either on a joint return or on separate returns of husband and wife. If single and the income, including that of dependent minors, if any, equaled or exceeded \$1,000, one return must be filed. However, a minor having a net income of \$1,000 or \$2,000, according to the marital status, must file a return, as such person is not considered a dependent.

4. In the case of husband and wife whose combined net income exceeds \$5,000, Form 1040A should not be used but separate returns must be made on Form 1040, showing the respective amounts of income.

5. Income of a minor or incompetent, if derived from a separate estate under control of a guardian, trustee or other fiduciary, must be reported by his guardian or other legal representative.

II. WHEN TO USE FORM 1040 INSTEAD OF THIS FORM.

You must make your return on Form 1040—

- (a) If your net income is over \$5,000.
- (b) If the net income reported in this return exceeds \$4,000 and the entire family exemption has been claimed in a separate return made by wife (or husband).
- (c) If the combined net income of husband and wife exceeds \$5,000.
- (d) If you are reporting on the basis of a fiscal year ending on the last day of any month other than December.
- (e) If this form does not provide for all the facts you have to report (as, for example, if you receive income from a partnership, personal service corporation or fiduciary with a fiscal year falling partly in 1918 and partly in 1919).

III. PERIOD TO BE COVERED BY RETURN.

- 1. You must report your net income for the calendar year 1919, except under the conditions stated in paragraph 2, when Form 1040 must be used.
- 2. You were required to file your return for 1918 on the basis of your annual accounting period. Having established an accounting period for 1918 this period must be adhered to in 1919, unless permission was received from the Commissioner to make a change. A person having no fiscal year must file a return on the basis of a calendar year.

IV. ACCRUED OR RECEIVED INCOME.

- 1. If you keep books showing income accrued and expenses incurred during the year, make your return from your books, but do not fail to include all your income even if it is not entered in your books.
- 2. If you do not keep books showing income accrued and expenses incurred, report income received and expenses paid.
- 3. If you report income accrued, you must include all income that accrued in 1919 even though not actually received.
- 4. If you report income received, you must include all income constructively received, such as bank interest credited to your account.

V. ITEMS EXEMPT FROM TAX.

The following items are exempt from Federal income tax:

- 1. Pay, not exceeding \$3,500, for active services in the military or naval forces of the United States, received during the taxable year prior to the termination of the present war as fixed by proclamation of the President.
- 2. Gifts (not made as a consideration for service rendered) and money and property acquired under a will or by inheritance (but the income derived from money or property received by gift, will or inheritance is taxable and must be reported).
- 3. Interest on bonds and other obligations of the United States issued before September 1, 1917, and on such bonds and other obligations issued since that date, to the extent provided by acts authorizing the issue thereof.
- 4. Interest on bonds and other obligations of United States possessions (Philippines, Porto Rico, etc.).
- 5. Interest on bonds and other obligations of States, territories, political subdivisions thereof (such as cities, counties and townships), and the District of Columbia.
- 6. Interest on Federal Farm Loan bonds.
- 7. Dividends upon stock of Federal Reserve Banks. However, dividends paid by member banks are treated as dividends of ordinary corporations.
- 8. Interest on bonds issued by the War Finance Corporation, only if and to the extent provided in the act authorizing the issue thereof.
- 9. Proceeds of life insurance policies paid upon the death of the insured to individual beneficiaries or the estate of the insured.
- 10. Amounts received by the insured under life insurance, endowment, and annuity contracts, provided such payments do not exceed the premiums paid

in. The amount by which the total payments that have been received exceed the total premiums paid in is income and must be reported in Schedule G.

11. Amounts received from accident and health insurance and under workmen's compensation acts plus the amount of any damages received by suit or agreement on account of injuries or sickness.

12. Compensation paid by a State or political subdivision thereof to its officers or employees.

VI. FARMER'S INCOME SCHEDULE.

If you are a farmer, or a farm owner renting your farm out on shares, obtain from the collector and fill out Form 1040F, "Schedule of Farm Income and Expenses," and attach it to this return. Transfer the net farm income to line 21 of Schedule A of the return. Report income from salaries, rents, interest, sales of property, etc., in Schedules B to G of the return.

VII. CREDITS FOR PERSONAL EXEMPTION AND DEPENDENTS.

- 1. If you were married and living with your wife (or husband) or were head of a family December 31, 1919, you may subtract from your net income, before calculating your tax, an exemption of \$2,000 plus \$200 for each person under 18 (or mentally or physically defective) who was receiving his chief support from you on that date. If husband and wife make separate returns, this exemption may be claimed by either (but not by both) or may be divided between them.
- 2. If you were not married or did not live with wife (or husband) and were not head of a family December 31, 1919, you are entitled to a personal exemption of \$1,000 plus \$200 for each dependent person under 18 (or mentally or physically defective) who was receiving his chief support from you on that date.
- 3. If, by reason of a change in your accounting period, you make a return for a part of a year, your personal exemption shall be as many twelfths of the amount that would be allowed for a full year as there are months in the period covered by the return.
- 4. The personal exemption must be reported on line N, page 1, of the return, and must be supported by answers to questions 4, 5 and 6.
- 5. A "head of family" is a person who is the chief support of one or more persons living in his (or her) household, who are closely related to him (or her) by blood, marriage, or adoption.

VIII. AFFIDAVIT.

- 1. The affidavit must be executed by the person whose income is reported unless he is a minor or incompetent or unless he is ill, absent from the country, or otherwise incapacitated, in which case the legal representative or agent may execute the affidavit. However, a minor making his own return may execute the affidavit.
- 2. The oath will be administered without charge by any collector, deputy collector or internal-revenue agent, or (if you are in the military or naval service of the United States) by any military or naval officer who is authorized to administer oaths for purposes of military or naval justice and administration. If an internal-revenue officer is not available, the return should be sworn to before a notary public, justice of the peace, or other person authorized to administer oaths.

IX. WHEN AND WHERE THE RETURN MUST BE FILED.

Send your return to the collector of internal revenue for the district in which you live or have your place of business so that it will reach him on or before March 15, 1920. If the address of the collector is not printed on the return and you do not know it, ask at the post office or bank.

X. WHEN AND TO WHOM THE TAX MUST BE PAID.

- 1. The tax should be paid, if possible, by sending or bringing with the return a check or money order drawn to the order of "Collector of Internal Revenue at [insert name of city and State]."
- 2. Do not send cash through the mail, nor pay it in person, except at the office of the collector or a regularly established internal-revenue stamp office.
- 3. At least one-fourth of the tax is due at the same time this return is due.
- 4. An additional amount sufficient to bring the total payments up to one-half of the tax is due on or before June 15, 1920.
- 5. An additional amount sufficient to bring the total payments up to three-fourths of the tax is due on or before September 15, 1920.
- 6. The entire remainder of the tax is due on or before December 15, 1920.
- 7. The total tax may be paid at the time of filing the return, or if not so paid, one installment may be paid and the balance may be paid in installments, or in full, on or prior to any subsequent installment date referred to above. Failure to pay any installment on the date fixed by law makes the taxpayer liable for the payment of the balance of the tax due, upon notice and demand by the collector.

XI. PENALTIES.

For Making False or Fraudulent Return.

Not exceeding \$10,000 or not exceeding one year's imprisonment, or both, in the discretion of the court, and, in addition, 50 per cent of the tax evaded.

For Failing to Make Return on Time.

Not more than \$1,000, and, in addition, 25 per cent of the amount of tax due.

For Failing to Pay Tax When Due, or Understatement of Tax Through Negligence.

Five per cent of the tax due but unpaid, plus interest at the rate of 1 per cent per month during the period in which it remains unpaid.

INSTRUCTIONS FOR FILLING IN INDIVIDUAL INCOME TAX RETURN

A. INCOME FROM BUSINESS OR PROFESSION.

Report here income from—

(a) Sale of merchandise, or of products of manufacturing, construction, mining, and agriculture. (For farm income see Instruction VI on the reverse side of this sheet.)

(b) Business service, such as transportation, storage, laundering, hotel and restaurant service, livery and garage service, etc., if you own the business. If you are engaged in the business as an employee, report your salary or wages in Schedule B.

(c) A profession, such as medicine, law, or dentistry, if you practice it on your own account. If you are employed on a salary, report your salary in Schedule B.

In general, report in Schedule A any income in the earning of which you incur expenses for labor, rent, etc. Do not report here partnership profits or profits of personal service corporations, which should be entered under C, or dividends from other corporations, which should be entered under K.

If you are a farmer (or a farm owner renting your farm to another person on shares), enter on line 21 your net income from farming, as shown by your "Schedule of Farm Income and Expenses," Form 1040F.

If you keep books showing income accrued, report such income instead of cash received, and report expenses incurred instead of expenses paid.

Income received from sale of lands, buildings, equipment, stocks, bonds, and other property not dealt in as a business, and from liquidating dividends, should be reported under D.

Kind of business.—Enter "grocery," "retail clothing," "drug store," "laundry," "doctor," "lawyer," etc.

Total sales and income from business or profession.—Report the total amount derived from sales, less any discounts or allowances from the sale price.

Other business deductions.—Do not include cost of business equipment or furniture, expenditures for replacements, or for permanent improvements to property, or living and family expenses.

Salaries.—Enter as item 12, all salaries and wages not reported as "Labor" under "Cost of Goods Sold." Salary or wages for your own services or the services of your dependent minor children if deducted must be reported as income in Schedule B.

Rent.—Enter as item 13, rent on business property in which taxpayer has no equity. Do not include rent for dwelling you occupy for residential purposes.

Interest.—Enter as item 14, interest on business indebtedness to others. Do not include interest on your capital investment in or advances to the business.

Taxes.—Enter as item 15, taxes on business property or for carrying on business. Do not include taxes assessed against local benefits of a kind tending to increase the value of the property assessed, as for paving, sewers, etc., nor Federal income taxes.

Repairs, wear and tear, and property losses.—Enter as item 16, (a) ordinary repairs required to keep property in usable condition, (b) reasonable allowance for exhaustion, wear and tear of property used in the trade or business, including a reasonable allowance for obsolescence, and (c) losses of business property by fire, storm, theft, etc., not compensated for by insurance or otherwise, and for which no claim for insurance is pending. Explain these deductions in table, page 1 of the return, Item 12.

Bad debts.—Enter as Item 17, only debts arising from sales or professional services that have been reported as income, which have been definitely ascertained to be worthless and have been charged off within the year.

Net loss.—If the net cost of goods sold plus other business deductions is in excess of the total amount of sales and income from business or professional services, report the difference as a loss by using red ink or a minus sign.

B. INCOME FROM SALARIES, WAGES, COMMISSIONS, BONUSES, DIRECTOR'S FEES, AND PENSIONS.

If salary, wages, or other compensation received from outside sources by you, your wife (or husband), or dependent minor child was at the rate of \$1,000 or more per annum, report on separate lines, together with the occupation or position and employer's name and address. The total of all other

income from salaries, wages, commissions, etc., should be reported on a separate line.

Do not report pay, not exceeding \$3,500, for active service in the military or naval forces of the United States received during the taxable year prior to the termination of the present war as fixed by proclamation of the President.

C. INCOME FROM PARTNERSHIPS, PERSONAL SERVICE CORPORATIONS, AND FIDUCIARIES.

If the partnership, personal service corporation or fiduciary from which you received income, keeps its books on a fiscal year basis, make your return on Form 1040 instead of this form.

Report here your share (whether received or not) in the profits of the partnership or personal service corporation or in the income of estate or trust. Do not include the part of such share that consisted of dividends on stock of corporations (to be included in Item K), interest on obligations of the United States (see question 10), or interest on corporation bonds containing

a tax-free covenant, upon which a tax of 2 per cent was paid (or will be paid) by the debtor corporation (to be included in Item F). No withholding of income tax at the source with respect to interest upon tax-free covenant bonds owned by partnerships and personal service corporations was required prior to February 25, 1919.

Report in Schedule B salary received from partnership or personal service corporation.

D. PROFIT FROM SALE OF LAND, BUILDINGS, STOCKS, BONDS, AND OTHER PROPERTY, AND FROM LIQUIDATING DIVIDENDS.

Kind of property.—Describe the property as definitely as you can in a word or two, as "farm," "house," "lot," "stocks," "bonds."

Sale price or liquidating dividends.—State the actual consideration or price, or, in case of an exchange, the fair market value of the property received.

Cost.—Enter the original cost of the property or, if it was acquired before March 1, 1913, its fair market value on that date. Attach statement explain-

ing how value of March 1, 1913, was determined. Expenses incidental to the purchase may be included in the cost if never claimed in income tax returns as deductions from income. Enter in column 7 the amount of wear and tear (depreciation) or depletion sustained since March 1, 1913 (or since date of acquisition if subsequent to March 1, 1913).

Losses.—If the total of columns 5 and 6 is in excess of the total of columns 3 and 7, report the difference as a loss by using red ink or a minus sign.

E. INCOME FROM RENTS AND ROYALTIES.

Kind of property.—Describe briefly, as in D.

Rent.—If a tenant rented your property on a crop share basis, report the amount of the rent as income for the year in which you disposed of such crops (unless your return shows income accrued). In case of rent paid in other property, the fair market value thereof as of date of receipt should be reported as income of the year of receipt.

Wear, tear, repairs, and property losses.—See instructions for Schedule A, above. Explain in Item 12, page 1 of the return.

Other expenses.—Report taxes on rented or leased property and interest on indebtedness incurred or continued to purchase or carry it. Do not include taxes assessed against local benefits of a kind tending to increase the value of the property assessed.

F. INTEREST ON CORPORATION BONDS CONTAINING TAX-FREE COVENANT, ON WHICH TAX OF 2% WAS PAID BY DEBTOR CORPORATION.

These items should include all interest received directly or through partnerships, personal service corporations, and fiduciaries on bonds of corporations organized or doing business in the United States, containing a clause by which the debtor corporation agrees to pay the interest without any deduction for taxes, provided exemption from withholding was not claimed by the owner of the bonds. If exemption was claimed (by filing certificate Form 1001) the

interest received must be reported in G. The amount of tax paid by the debtor corporation is treated as a credit against the tax due (see Item Q, page 1 of the return), but such amount paid at the source should be reported as income in Schedule G. If the partnership, personal service corporation or fiduciary from which you received income, keeps its books on a fiscal year basis, make your return on Form 1040 instead of this form.

G. OTHER INCOME (NOT INCLUDING DIVIDENDS).

Report in this schedule interest received on bank deposits, notes, mortgages, etc., the amount paid for you by debtor corporation on tax-free covenant bonds (Item Q, page 1), and all other income not reported in Schedules A to F, except—

(a) Dividends received from corporations which are taxable by the United States on any portion of their net incomes (see Item K).

(b) Income exempt from Federal income tax, as stated in Instruction V on the reverse side of this sheet.

State separately income from each source.

I. GENERAL DEDUCTIONS.

Interest.—Report here interest paid on personal indebtedness as distinguished from business indebtedness (which should be reported under A or E above). Do not include interest on indebtedness incurred for the purchase of bonds and other obligations, the interest on which is exempt from tax, except interest on indebtedness incurred to purchase obligations of the United States issued after September 24, 1917.

Taxes.—Report here personal taxes paid and all taxes on property not used in business or profession, not including those assessed against local benefits of a kind tending to increase the value of the property assessed. Do not include Federal income taxes, nor estate or inheritance taxes.

Losses.—Report here losses of property not connected with your trade, business, or profession, sustained during the year from fire, storm, shipwreck, or other casualty, or from theft, which were not compensated for by insurance or otherwise, and for which no claim for insurance is pending.

Do not include losses from transactions not entered into for profit. Losses claimed should be explained in Item 12, page 1 of the return.

Contributions.—Report here only contributions made within the year to corporations organized and operated exclusively for religious, charitable, scientific, or educational purposes, or for the prevention of cruelty to children or animals, or to the special fund for vocational rehabilitation. The total amount of contributions to be entered here must not exceed 15 per cent of the net income computed without the benefit of this deduction.

Bad debts and other deductions.—Bad debts arising out of loans should be reported here, and other proper deductions not claimed elsewhere. Attach a detailed statement of all such deductions. Deductions claimed by traveling salesmen to cover expenditures for meals and lodging should be fully explained in an attached statement setting forth the conditions of employment.

DETACH THE RETURN
(CONTAINING AFFIDAVIT)
AND DELIVER OR SEND
IT WITH PAYMENT TO
COLLECTOR OF INTERNAL
REVENUE ON OR BEFORE
THE 15th DAY OF THE
THIRD MONTH AFTER
THE CLOSE OF THE
TAXABLE PERIOD

KEEP THIS
WORK SHEET
AND THE
INSTRUCTION
SHEET

Page 1 of Work Sheet
Form 1040A—UNITED STATES INTERNAL REVENUE SERVICE
INDIVIDUAL INCOME TAX RETURN
FOR NET INCOMES OF NOT MORE THAN \$5,000
OR JOINT RETURN OF HUSBAND AND WIFE IF COMBINED NET INCOME DOES NOT EXCEED \$5,000
For Calendar Year 1920

Or for period begun _____, 19____, and ended _____, 19____

PRINT NAME AND ADDRESS PLAINLY BELOW

Jacob R. Fosh
(Name)

Edmonds
(Street and number or rural route)

Wash
(Post office) (County) (State)

IF YOU NEED
ASSISTANCE
GO TO A
DEPUTY COLLECTOR
OR TO THE
COLLECTOR'S OFFICE
BUT FIRST
READ INSTRUCTIONS
AND
FILL OUT THIS SHEET
(FACE AND BACK)
IN PENCIL
AS WELL AS YOU CAN

TAXPAYER'S RECORD OF PAYMENTS

PAYMENT	AMOUNT	DATE	CHECK OR M. O. No.	BANK OR OFFICE OF ISSUE
First	\$			
Second	\$			
Third	\$			
Fourth	\$			

- Are you a citizen of the United States? *Yes*
- If not, are you a resident of the United States? *Yes*
- If neither, of what country are you a citizen or subject? *same*
- Did you file a return for 1919? *Yes*
- If so, what address did you give on that return? *same*
- To what Collector's office was it sent? (Give district or city and State) *Bacon, Wash*
- If not, were you on the last day of your taxable period supporting one or more persons living in your household who are closely related to you by blood, marriage, or adoption?
- How many dependent persons under 18 (or if 18 or over, incapable of self-support because mentally or physically defective) were receiving their chief support from you on the last day of your taxable period? *Four*
- Was a separate return filed by your wife (or husband)? *No*
- If so, state (a) exemption claimed, \$ *R* (b) Name and address entered at head of that return
- Write "R" if you kept no books, or books on a cash basis; or "A" if you kept books on an accrual basis
- Did you (your wife or husband in case this is a joint return) or dependent minor child having a net income of less than \$1,000 per annum, receive any interest on Liberty Bonds or any other income not reported in this return? *No*
- Did you pay during the calendar year 1920 to any individual rent, wages, salaries, or other fixed or determinable income amounting to \$1,000 or over? *No*
- If so, secure from the Collector Forms 1096 and 1099, and file a return of information. If so, give sources from which such income was received and amounts.
- Were you married and living with wife (or husband) on the last day of your taxable period?

COMPUTATION OF TAX

14. Net income (from page 2, Schedule L) <i>\$ 2255.00</i>	17. Tax due (4% on amount of Item 16) <i>\$</i>
15. Less personal exemption <i>2800.00</i>	18. Less: Tax paid at source <i>\$</i>
16. Balance (income taxable at 4%) <i>\$ none</i>	19. Income and profits taxes paid during taxable period to foreign countries or possessions of the United States (attach Form 1116) <i>\$</i>
	20. Balance of tax due (Item 17 minus Items 18 and 19) <i>\$</i>
	21. Amount of tax paid on submission of return <i>\$</i>

NOTE.—If the amount of Item 16 exceeds \$4,000, the excess is taxable at 8%, and your return should be made on Form 1040.

AMENDED RETURNS

CHECKS AND DRAFTS

An amended return must be plainly marked "Amended" across the face of the return

Checks and drafts will be accepted only if payable at par at your Collector's Office

ENTER IN THIS TABLE DETAILS CONCERNING REPAIRS, WEAR AND TEAR, PROPERTY LOSSES, ETC., CLAIMED AS DEDUCTIONS IN SCHEDULES A, E, AND I, ON PAGE 2 OF RETURN.

1. Refer to "A," "E," or "I."	2. Kind of property (if buildings, state also material of which constructed).	3. Date acquired.	4. Age when acquired.	5. Cost, or if acquired prior to March 1, 1913, the fair market value on that date.	6. Repairs, ordinary and incidental.	7. Wear and tear, obsolescence, and depletion charged off.			10. Losses not compensated for by insurance or otherwise. Cause and how amount was arrived at.
						7. Rate.	8. Amount previous years.	9. Amount this year.	
				\$	\$		\$	\$	\$

SCHEDULE A.—INCOME FROM BUSINESS OR PROFESSION.

1. Kind of business.....		2. Business address.....	
3. Total sales and income from business or professional services.....		\$.....	
COST OF GOODS SOLD:		OTHER BUSINESS DEDUCTIONS:	
4. Labor.....	\$.....	12. Salaries and wages not reported as "Labor" under "Cost of Goods Sold".....	\$.....
5. Material and supplies.....	\$.....	13. Rent on business property in which taxpayer has no equity.....	\$.....
6. Merchandise bought for sale.....	\$.....	14. Interest on business indebtedness to others.....	\$.....
7. Other costs (list principal items and amounts at foot of page).....	\$.....	15. Taxes on business and business property.....	\$.....
8. Plus inventory at beginning of year (see page 2 of instructions).....	\$.....	16. Repairs, wear and tear, obsolescence, depletion, and property losses.....	\$.....
9. TOTAL.....	\$.....	17. Bad debts arising from sales or professional services.....	\$.....
10. Less inventory at end of year.....	\$.....	18. Other expenses (list principal items and amounts at foot of page).....	\$.....
11. Net Cost of Goods Sold.....	\$.....	19. TOTAL (Items 12 to 18, inclusive).....	\$.....
State amount of salary to self included in Item 12..... \$.....		20. NET COST PLUS TOTAL DEDUCTIONS (Item 11 plus Item 19)..... \$.....	
		21. NET INCOME FROM BUSINESS OR PROFESSION (Item 3 minus Item 20)..... \$.....	

SCHEDULE B.—INCOME FROM SALARIES, WAGES, COMMISSIONS, BONUSES, DIRECTOR'S FEES AND PENSIONS.

1. By whom received.....	2. Occupation.....	3. Name and address of employer.....	4. Amount received.....	5. Expenses. (Explain below.).....
J. Post	Stage Operator	Post Office Co. Diamonds, WA	\$ 2400 00	\$.....
NET INCOME FROM SALARIES, ETC. (Total of column 4 minus total of column 5).....			\$.....	\$ 2400 00

SCHEDULE C.—INCOME FROM PARTNERSHIPS, PERSONAL SERVICE CORPORATIONS, AND FIDUCIARIES.

(State name and address of partnership, etc.)

SCHEDULE D.—PROFIT FROM SALE OF LAND, BUILDINGS, STOCKS, BONDS, AND OTHER PROPERTY, AND FROM LIQUIDATING DIVIDENDS.

1. Kind of property.....	2. Name and address of purchaser or broker.....	3. Sale price or liquidating dividends.....	4. Date acquired.....	5. Cost, or if acquired prior to March 1, 1913, the fair market value on that date.....	6. Cost of subsequent improvements, if any.....	7. Depreciation.....
NET PROFIT FROM SALES (total of columns 3 and 7 minus total of columns 5 and 6).....		\$.....	\$.....	\$.....	\$.....	\$.....

SCHEDULE E.—INCOME FROM RENTS AND ROYALTIES.

1. Kind of property.....	2. Name and address of tenant, lessee, etc.....	3. Amount received.....	4. Repairs, wear, tear, and property losses.....	5. Other expenses. (Explain below.).....
NET INCOME FROM RENTS AND ROYALTIES (total of column 3 minus total of columns 4 and 5).....		\$.....	\$.....	\$.....

SCHEDULE F.—INTEREST ON CORPORATION BONDS CONTAINING TAX-FREE COVENANT, ON WHICH A TAX OF 2% WAS PAID AT SOURCE (including such interest received through partnerships, personal service corporations and fiduciaries).

SCHEDULE G.—OTHER INCOME (not including dividends, which should be reported in Schedule K).

Amount paid for you at source on tax-free covenant bonds.....	Amount received.....
\$.....	\$.....
TOTAL.....	\$.....

SCHEDULE H.—TOTAL NET INCOME FROM ABOVE SOURCES. (Total net income less total deficits, shown in above Schedules)

SCHEDULE I.—DEDUCTIONS (except those included above).

1. Interest paid.....	3. Losses by fire, storm, etc. (explain in table on page 1).....	5. Amounts paid to beneficiaries, etc.).....
\$.....	\$.....	\$.....
2. Taxes paid.....	4. Bad debts (explain below).....	TOTAL.....
\$ 4500 00	\$.....	\$ 4500 00

SCHEDULE J.—NET INCOME (without deducting contributions). (H minus I)

SCHEDULE K.—CONTRIBUTIONS (list below names and amounts paid to each corporation)

SCHEDULE L.—NET INCOME UPON WHICH TAX IS TO BE COMPUTED (J minus K). (Enter as Item 14, page 1.)

SCHEDULE M.—DIVIDENDS (including dividends received through partnerships, personal service corporations and fiduciaries)

SCHEDULE N.—TOTAL NET INCOME (L plus M). (If this amount is over \$5,000, make your return on Form 1040)

EXPLANATION OF DEDUCTIONS claimed in Schedule A, Items 7 and 18; Schedule B, column 5; Schedule E, column 5; Schedule I, Item 4; and Schedule K.

GENERAL INSTRUCTIONS

INDIVIDUAL RETURN

PERSONS REQUIRED TO MAKE A RETURN OF INCOME.

1. A return of net income must be filed by every citizen of the United States whether residing at home or abroad, and every person residing in the United States, though not a citizen thereof, whose net income for the taxable period 1920 amounted to—

- (a) \$1,000 if single or if married and not living with wife (or husband).
- (b) \$2,000 if married and living with wife (or husband).

2. Under these conditions a return must be filed even though the amount of net income is not sufficient to incur tax liability. Note especially paragraphs 17 to 22 under "Credits for Personal Exemption and Dependents."

3. If the combined income of husband, wife, and dependent minor children equaled or exceeded \$2,000, all such income must be reported either on a joint return or on separate returns of husband and wife. If single and the income, including that of dependent minors, if any, equaled or exceeded \$1,000, one return must be filed. A minor, however, having a net income of \$1,000 or \$2,000, according to the marital status, must file a return.

4. The income of a minor or incompetent, if derived from a separate estate under control of a guardian, trustee, or other fiduciary, must be reported by his guardian or other legal representative.

5. Income of (a) estates of decedents before final settlement; (b) trusts, whether created by will or deed, for unascertained persons or persons with contingent interests; or income held, or which under the terms of the will or trust may be held, for future distribution, is taxed to the fiduciary as a single person, except that from the income of a decedent's estate there may first be deducted any amount properly paid or credited to a beneficiary.

6. If the net income of a decedent from the beginning of the taxable period to the date of his death was \$1,000, if unmarried, or \$2,000, if married and living with wife (or husband), the executor or administrator shall file a return on Form 1040 or 1040A for such decedent.

WHEN TO USE FORM 1040 INSTEAD OF THIS FORM.

7. You must file your return on Form 1040—

- (a) If your net income is over \$5,000.
- (b) If the net income reported in this return exceeds \$4,000 and the entire family exemption has been claimed in a separate return filed by wife (or husband).
- (c) If the combined net income of husband and wife exceeds \$5,000.

PERIOD TO BE COVERED BY RETURN.

8. Your return must be filed for the calendar year ending December 31, 1920, or for the fiscal year ending on the last day of any month other than December. The dates on which the period covered by the return begins and ends, if other than a calendar year, must be plainly stated at the head of the return, and answers to questions 7, 8, and 9 on page 1 of the return must be given accordingly.

9. You were required to file your return for 1918 on the basis of your annual accounting period. Having established an accounting period for 1918 this period must be adhered to for subsequent years, unless permission was received from the Commissioner to make a change.

ACCRUED OR RECEIVED INCOME.

10. If you keep books showing income accrued and expenses incurred during the year, make your return from your books but do not fail to include all your income, even though it is not entered on your books.

11. If you do not keep books showing income accrued and expenses incurred, report income received and expenses paid.

12. If you report income accrued, you must include all income that accrued in the taxable year though not actually received.

13. If you report income received, you must include all income constructively received, such as bank interest or salary credited to your account.

14. If you have computed your income from installment sales in conformity with Articles 42 to 47, inclusive, of Regulations 45, you must attach to your return a schedule showing separately for the years 1918, 1919, and 1920 the following information: (a) Gross sales; (b) cost of goods sold; (c) gross profits; (d) percentage of profits to gross sales; (e) amount collected; (f) gross profit on amount collected.

ITEMS EXEMPT FROM TAX.

15. The following items are exempt from Federal income tax; the nontaxable income, however, described in classes (c), (d), (e), (f), and (h) below must be reported in Item 13, page 1 of the return.

(a) Pay, not exceeding \$3,500, for active services in the military or naval forces of the United States, received during the taxable period prior to the termination of the present war as fixed by proclamation of the President.

(b) Gifts (not made as a consideration for service rendered), and money and property acquired under a will or by inheritance (but the income derived from money or property received by gift, will, or inheritance is taxable and must be reported).

(c) Interest on bonds and other obligations of the United States issued before September 1, 1917, and on such bonds and other obligations issued since that date, to the extent provided by the acts authorizing the issue thereof and by subsequent acts.

(d) Interest on bonds and other obligations of United States' possessions (Philippines, Porto Rico, etc.).

(e) Interest on bonds and other obligations of States, Territories, political subdivisions thereof (such as cities, counties, and townships), and the District of Columbia.

(f) Interest on Federal Farm Loan bonds.

(g) Dividends on stock of Federal Reserve Banks. Dividend: paid by member banks, however, are treated as dividends of ordinary corporations.

(h) Interest on bonds issued by the War Finance Corporation, only if and to the extent provided by the act authorizing the issue thereof.

(i) Proceeds of life insurance policies paid upon the death of the insured to individual beneficiaries or the estate of the insured.

(j) Amounts received by the insured under life insurance, endowment, and annuity contracts, provided such payments do not exceed the premiums paid in. The amount by which the total payments that have been received exceed the total premiums paid in is income and must be reported in Schedule G.

(k) Amounts received from accident and health insurance and under workmen's compensation acts plus the amount of any damages received by suit or agreement on account of injuries or sickness.

(l) Compensation paid by a State or political subdivision thereof to its officers or employees.

(m) Compensation paid by the United States to Federal judges, appointed prior to February 24, 1919, and to the President of the United States.

FARMER'S INCOME SCHEDULE.

16. If you are a farmer or a farm owner renting your farm out on shares and keep no books of account, or keep books on a cash basis, obtain from the Collector, and attach to this return, Form 1040F, Schedule of Farm Income and Expenses. Enter the net farm income as Item 21 in Schedule A, page 2 of this return. If your farm books of account are kept on an accrual basis, the filing of Form 1040F is optional. Report income from salaries, rents, interest, sales of property, etc., in Schedules B to G of the return.

CREDITS FOR PERSONAL EXEMPTION AND DEPENDENTS.

17. If you were married and living with your wife (or husband) or were head of a family on the last day of your taxable period, you may subtract from your net income, before calculating your normal tax, an exemption of \$2,000 plus \$200 for each person under 18 (or if 18 or over, incapable of self-support because mentally or physically defective) who was receiving his chief support from you on that date. If husband and wife make separate returns, this exemption may be claimed by either (but not by both) or may be divided between them.

18. If you were not married or did not live with wife (or husband) and were not head of a family on the last day of your taxable period, you are entitled to a personal exemption of \$1,000 plus \$200 for each dependent person under 18 (or if 18 or over, incapable of self-support because mentally or physically defective) who was receiving his chief support from you on that date.

19. An exemption of \$1,000 may be claimed in cases where Form 1040A is filed for estates in process of administration, or with respect to income held for future distribution.

20. If by reason of a change in your accounting period you make a return for a part of a year, your personal exemption shall be as many twelfths of the amount that would be allowed for a full year as there are months in the period covered by the return.

21. The personal exemption must be reported as Item 15, and supported by answers to questions 7, 8, and 9 on page 1 of the return.

22. A "head of family" is a person who actually supports one or more persons living in his (or her) household, who are closely related to him (or her) by blood, marriage, or adoption. (As to credit for taxes claimed in Item 19, page 1 of the return, see Articles 381 to 385, inclusive, Regulations 45.)

AFFIDAVIT.

23. The affidavit must be executed by the person whose income is reported unless he is a minor or incompetent, or unless he is ill, absent from the country, or otherwise incapacitated, in which case the legal representative or agent may execute the affidavit. A minor, however, making his own return, must execute the affidavit.

24. The oath will be administered without charge by any collector, deputy collector, or internal revenue agent, or (if you are in the military or naval service of the United States) by any military or naval officer who is authorized to administer oaths for purposes of military or naval justice and administration. If an internal revenue officer is not available, the return should be sworn to before a notary public, justice of the peace, or other person authorized to administer oaths.

WHEN AND WHERE THE RETURN MUST BE FILED.

25. If the return is for the calendar year 1920, file it with the Collector of Internal Revenue for the district in which you live or have your principal place of business on or before March 15, 1921. If for a period other than the calendar year, the return should be filed on or before the 15th day of the third month following the close of such period.

26. In case the taxpayer had no legal residence or place of business in the United States, the return should be forwarded to the Collector of Internal Revenue, Baltimore, Md.

27. If the address of the collector is not printed on the return and you do not know it, ask at the post office or bank.

WHEN AND TO WHOM THE TAX MUST BE PAID.

28. The tax should be paid, if possible, by sending or bringing with the return a check or money order drawn to the order of "Collector of Internal Revenue at (insert name of city and State)."

29. Do not send cash through the mail, or pay it in person, except at the office of the collector.

30. The tax may be paid in four equal installments as follows: The first installment shall be paid at the time fixed by law for filing the return, and the second installment shall be paid on the 15th day of the third month, the third installment on the 15th day of the sixth month, and the fourth installment on the 15th day of the ninth month after the time fixed by law for filing the return.

31. The total tax may be paid at the time of filing the return, or if not so paid, one installment must be paid and the balance may be paid in installments, or in full, on or prior to any subsequent installment date referred to above. Failure to pay any installment on the date fixed by law makes the taxpayer liable for the payment of the balance of tax due upon notice and demand by the collector.

PENALTIES.

For Making False or Fraudulent Returns.

32. Not exceeding \$10,000 or not exceeding one year's imprisonment, or both, in the discretion of the court, and, in addition, 50 per cent of the tax evaded.

For Failing to Make Return on Time.

33. Not more than \$1,000, and, in addition, 25 per cent of the amount of total tax.

For Failing to Pay Tax When Due, or Understatement of Tax Through Negligence.

34. Five per cent of the tax due but unpaid, plus interest at the rate of 1 per cent per month during the period in which it remains unpaid.

INSTRUCTIONS FOR FILLING IN INDIVIDUAL INCOME TAX RETURN

SCHEDULE A.—INCOME FROM BUSINESS OR PROFESSION.

Report in this schedule on the return income from—

(a) Sale of merchandise, or of products of manufacturing, construction, mining, and agriculture.

(b) Business service, such as transportation, storage, laundering, hotel and restaurant service, livery and garage service, etc., if you owned the business. If you are only an employee of a business, report your salary or wages in Schedule B.

(c) A profession, such as medicine, law, or dentistry, if you practiced it on your own account. If you were employed on a salary, report your salary in Schedule B.

In general, report in Schedule A any income in the earning of which you incurred expenses for labor, rent, etc.

If you are a farmer (or a farm owner renting your farm to another person on shares), see page 1 of instructions, paragraph 16.

If you keep books showing income accrued, report such income instead of cash received, and report expenses incurred instead of expenses paid.

Kind of business.—Enter "grocery," "retail clothing," "drug store," "laundry," "doctor," "lawyer," etc.

Total sales and income from business or profession.—Report the total amount derived from sales or from services, less any discounts or allowances from the sale price or service charge. (For installment sales see page 1 of instructions, paragraph 14.)

Inventories.—Write "C," or "C or M," on lines 8 and 10 immediately before the amount column, to indicate that inventories are valued at either cost, or cost or market, whichever is lower.

If you are engaged in a trade or business in which the production, purchase, or sale of merchandise of any kind is an income-producing factor, secure from the Collector of Internal Revenue and file as a part of this return a *Certificate of Inventory, Form 1126*.

Other business deductions.—Do not include cost of business equipment or furniture, expenditures for replacements, or for permanent improvements to property, or living and family expenses.

Salaries.—Enter as Item 12 all salaries and wages not reported as "Labor" under "Cost of Goods Sold." Salary or wages for your own services or the services of your dependent minor children. If deducted, must be reported as income in Schedule B.

Rent.—Enter as Item 13 rent on business property in which you have no equity. Do not include rent for dwelling you occupy for residential purposes.

Interest.—Enter as Item 14 interest on business indebtedness to others. Do not include interest to yourself on capital invested in or advanced to the business.

Taxes.—Enter as Item 15 taxes on business property or for carrying on business. Do not include taxes assessed against local benefits of a kind tending to increase the value of the property assessed, as for paving, sewers, etc., nor Federal income taxes.

Repairs, wear and tear, obsolescence, depletion, and property losses.—Enter as Item 16, (a) ordinary repairs required to keep property in usable condition, (b) reasonable allowance for exhaustion, wear and tear of property used in the trade or business, including a reasonable allowance for obsolescence, and (c) losses of business property by fire, storm, or other casualty, or theft, not compensated for by insurance or otherwise and not made good by repairs claimed as deductions. Explain these deductions in table at foot of page 1 of return.

Do not claim any deduction for depreciation in the value of a building occupied by you as a dwelling, or of other property held for personal use.

Bad debts.—Enter as Item 17, only debts arising from sales or professional services that have been reported as income, which have been definitely ascertained to be worthless and have been charged off within the year.

Additions to a reserve for bad debts, as such, do not constitute allowable deductions.

A debt previously charged off as bad, if subsequently collected, must be returned as income for the year in which collected.

Deficit.—If Item 21 shows a deficit, indicate by using red ink or a minus sign.

SCHEDULE B.—INCOME FROM SALARIES, COMMISSIONS, BONUSES, DIRECTOR'S FEES AND PENSIONS.

Report all salaries or other compensation credited by or received from outside sources, and any salaries included as a deduction in Schedule A for (a) yourself, (b) your wife (or husband) if a joint return is filed, and (c) each dependent minor child having a net income of less than \$1,000 per annum. Use a separate line for each entry, giving the information requested.

Report pay in excess of \$3,500 for active service in the military or naval

forces of the United States received during the taxable period prior to the termination of the present war as fixed by proclamation of the President. Report all retired pay from these sources.

Any amount claimed as a deduction for necessary expenses against salaries, etc., should be fully explained in space at foot of page 2 of the return or in an attached statement.

SCHEDULE C.—INCOME FROM PARTNERSHIPS, PERSONAL SERVICE CORPORATIONS, AND FIDUCIARIES.

Report your share (whether received or not) in the profits of a partnership or personal service corporation, or in the income of an estate or trust, except the part of such share that consisted of (a) interest on corporation bonds containing a tax-free covenant on which a tax of 2 per cent was paid at source (to be included in Schedule F), (b) dividends on stock of corporations (to be included in Schedule M), and (c) interest on obligations of the United States (to be included in Item 13, page 1, of the return).

Report in Schedule B salary received from a partnership or personal service corporation.

If the taxable period on the basis of which you file your return fails to coincide with the annual accounting period of the partnership, personal service corporation, or fiduciary, then you should include in your return your distributive share of the total net income for such accounting period, ending within your taxable period.

SCHEDULE D.—PROFIT FROM SALE OF LAND, BUILDINGS, STOCKS, BONDS, AND OTHER PROPERTY, AND FROM LIQUIDATING DIVIDENDS.

Kind of property.—Describe the property as definitely as you can in a word or two, as "farm," "house," lot, "bonds."

Sale price or liquidating dividends.—State the actual consideration or price, or, in case of an exchange, the fair market value of the property received. Liquidating dividends are returnable in the first year in which the aggregate of all such payments exceeds the cost of the stock, or if acquired prior to March 1, 1913, the fair market value on that date, when, and in such event, the entire amount received must be reported. All amounts subsequently received constitute taxable income in their entirety for the year in which received.

Cost.—Enter the original cost of the property or, if it was acquired prior to March 1, 1913, the fair market value on that date. Attach statement explaining how value at March 1, 1913, was determined. Expenses incidental to the purchase may be included in the cost if never claimed in income tax returns as deductions from income.

Depreciation.—Enter in column 7 the amount of wear and tear and obsolescence, or depletion sustained since March 1, 1913 (or since date of acquisition, if subsequent to March 1, 1913).

Deficit.—If the total of columns 5 and 6 is in excess of the total of columns 3 and 7, indicate the deficit by using red ink or a minus sign.

SCHEDULE E.—INCOME FOR RENTS AND ROYALTIES.

Kind of property.—Describe briefly, as in Schedule D.

Rent.—If you receive property or crops in lieu of cash rent, report the income as though the rent had been paid in cash. Crops received as rent on a crop-share basis should be reported as income for the year in which disposed of (unless your return shows income accrued).

Repairs, wear and tear, obsolescence, depletion, and property losses.—See instructions for Schedule A, above. Explain in table at foot of page 1.

Other expenses.—Report interest, taxes, fire insurance, fuel, light, labor, and other necessary expenses of this character. Classify expenditures at foot of page 2 of the return.

SCHEDULE F.—INTEREST ON CORPORATION BONDS CONTAINING TAX-FREE COVENANT, ON WHICH A TAX OF 2% WAS PAID AT SOURCE.

Report all interest received directly or through partnerships, personal service corporations, or fiduciaries on corporation bonds containing a clause by which the debtor corporation agrees to pay the interest without any deduction for taxes, provided a white certificate, Form 1000, not claiming exemption was filed by the owner of the bonds. If exemption was claimed

(by filing a yellow certificate, Form 1001), the interest received must be reported in Schedule G. The amount of tax paid by the debtor corporation is treated as a credit against the tax due, but such amount paid at the source should be reported as income in Schedule G. (See Item 18, page 1 of the return.)

SCHEDULE G.—OTHER INCOME (NOT INCLUDING DIVIDENDS, OR INTEREST ON OBLIGATIONS OF THE UNITED STATES).

Report all interest received on bank deposits, notes, mortgages, etc., the amount paid for you at source on tax-free covenant bonds, and all other

taxable income for which no place is provided elsewhere on this return. (Report dividends received from corporations in Schedule M.)

SCHEDULE I.—DEDUCTIONS.

Interest.—Enter as Item 1 interest paid on personal indebtedness as distinguished from business indebtedness (which should be reported under Schedules A or E). Do not include interest on indebtedness incurred for the purchase of bonds and other obligations, the interest on which is exempt from tax, except interest on indebtedness incurred to purchase or carry obligations of the United States issued after September 24, 1917.

Taxes.—Enter as Item 2 personal taxes paid and all taxes on property not used in business or profession, not including those assessed against local benefits of a kind tending to increase the value of the property. Do not include Federal income taxes, estate or inheritance taxes, nor income and profits taxes claimed as a credit in Item 19, page 1 of the return.

Losses.—Enter as Item 3 losses of property not connected with your trade, business, or profession, sustained during the year from fire, storm, ship-

wreck, or other casualty, or from theft, which were not compensated for by insurance or otherwise. (Losses claimed should be explained in table at foot of page 1 of the return.)

Do not deduct losses incurred in transactions which were neither connected with your trade or business, nor entered into for profit.

Bad debts.—Enter as Item 4 all bad debts other than those claimed as a deduction in Item 17, Schedule A. State under "Explanation of Deductions," at foot of page 2 of the return (a) of what the debts consisted, (b) when they were created, (c) when they became due, and (d) how they were actually determined to be worthless.

Amounts paid to beneficiaries.—If this return is filed for an estate in the process of administration, there may be deducted the amount of any income properly paid or credited to any legatee, heir, or other beneficiary.

SCHEDULE K.—CONTRIBUTIONS.

Report only contributions made within the year to corporations organized and operated exclusively for religious, charitable, scientific, or educational purposes, or for the prevention of cruelty to children or animals, and contributions to the special fund for vocational rehabilitation. The total amount of contributions deducted must not exceed 15 per cent of the net income computed without the benefit of this deduction.

Enter under "Explanation of Deductions," at the foot of page 2 of the return, the name and address of each corporation to which you made contributions claimed as deductions, and the amount paid to each.

Fiduciaries filing this return for estates in process of administration are allowed, in lieu of this deduction, that provided in Section 219 (b) of the Revenue Act of 1918.

INDIVIDUAL INCOME TAX RETURN

FOR NET INCOMES OF NOT MORE THAN \$5,000

For Calendar Year 1921

Or for period begun Dec 31, 1920, and ended Dec 31, 1921

PRINT NAME AND ADDRESS PLAINLY BELOW

Jacob R. Yost
(Name.)

(Street and number or rural route.)

Edmonds Spachmish Wash.
(Post office.) (County.) (State.)

Do not write in this space

FIRST PAYMENT

\$

(Cashier's Stamp)

CASH CHECK M. O.

Examined by

OCCUPATION, PROFESSION, OR KIND OF BUSINESS Stage Operator

See In- struction Number	Explain in Schedule (page 2)	INCOME.					
13	F	1. Salaries, Wages, Commissions, etc. (State name and address of person from whom received.)	Amount received.	Expenses paid.			
		Yost Auto Co	\$ 2400.00				\$ 2400.00
14		2. Interest on Bank Deposits, Notes, Mortgages, and Corporation Bonds				247.15	
15	A	3. Income from Partnerships, Fiduciaries, etc. (State name and address of partnerships, etc.)					
16	B	4. Rents and Royalties					
17	C	5. Profit (or loss) from Business or Profession (not including income from partnerships)					
18	D	6. Profit (or loss) from Sale of Real Estate					
19		7. Profit (or loss) from Sale of Stocks, Bonds, etc.					
		8. Other Income (except dividends from domestic corporations and interest on obligations of the U. S.) (State nature of income)					
		(a)					
		(b)					
		9. TOTAL INCOME IN ITEMS 1 TO 8 (less losses shown above, if any)					\$ 2647.15
		DEDUCTIONS.					
20		10. Interest Paid (not including interest deducted above)					
21		11. Taxes Paid (not including taxes deducted above)				45.00	
22	E	12. Losses by Fire, Storm, etc.					
23	F	13. Contributions				20.00	
24	F	14. Bad Debts (not including bad debts deducted above)					
25	F	15. Other Deductions Authorized by Law					
		16. TOTAL OF ITEMS 10 TO 15					\$ 65.00
		17. TAXABLE NET INCOME (Item 9 minus Item 16)					\$ 2582.15
		COMPUTATION OF TAX.					
8		18. Net Income (Item 17 above)	\$ 2582.15	21. Tax Due (4% of Item 20)	\$ 22.72		
		19. Less Personal Exemption and Credit for Dependents	4500.00	22. Less: Tax Paid at Source			
				23. Income and profits taxes paid to a foreign country or possession of the United States (attach Form 1110)			
		20. Balance (Item 18 minus Item 19)	\$ 2102.15	24. Balance Due (Item 21 minus 22 and 23)			
11		Checks will be accepted if payable at par at Collector's Office.		25. Tax Paid when Filing Return			

SCHEDULE A.—EXPLANATION OF ITEM 4. (Rents and Royalties.)

1. Kind of property.	2. Cost, or March 1, 1913, value.	3. Amount received.	4. Repairs.	5. Depreciation and depletion.	6. Other expenses.	7. Net profit (or loss).

State estimated life of property and how you figured depreciation _____

SCHEDULE B.—EXPLANATION OF ITEM 5. (Business or Profession.)

Total Income from Business or Profession _____	
Total Business Expenses (state specifically, see Instruction 16) _____	
NET PROFIT (OR LOSS) (If profit is less than usual, explain) _____	
Explanation of business expenses _____	

SCHEDULE C.—EXPLANATION OF ITEM 6. (Sale of Real Estate.)

1. Kind of property.	2. Date acquired.	3. Amount received.	4. Cost.	5. March 1, 1913, value.	6. Subsequent improvements.	7. Depreciation.	8. Net profit (or loss).

If not acquired by purchase, state how acquired _____

SCHEDULE D.—EXPLANATION OF ITEM 7. (Sale of Stocks, Bonds, etc.)

1. Kind of property.	2. Date acquired.	3. Cost.	4. March 1, 1913, value.	5. Amount received.	6. Net profit (or loss).

If not acquired by purchase, state how acquired _____

SCHEDULE E.—EXPLANATION OF ITEM 12. (Losses by Fire, Storm, etc.)

1. Kind of property.	2. Cost, or March 1, 1913, value.	3. Depreciation previously taken.	4. Salvage value.	5. Insurance.	6. Net loss.

SCHEDULE F.—EXPLANATION OF DEDUCTIONS CLAIMED IN ITEMS 1, 13, 14, and 15.)

1. Are you a citizen or resident of the United States? <i>yes.</i>	2. If you filed a return for 1920, to what Collector's office was it sent? <i>JACOBA WASH</i>	3. Is this a joint return of husband and wife? <i>yes.</i>
4. Was a separate return filed by your husband or wife? <i>no</i>	If so, state: (a) Exemption claimed, \$ _____ (b) Name and address entered at head of that return. _____	
5. Were you married and living with husband or wife on the last day of your taxable period? <i>yes</i>	6. If not, were you on the last day of your taxable period supporting one or more persons living in your household who are closely related to you by blood, marriage, or adoption? <i>Five</i>	
7. How many dependent persons (other than husband or wife) under 18 years of age or incapable of self-support because mentally or physically defective were receiving their chief support from you on the last day of your taxable period? _____	8. State amount of dividends received from domestic corporations (including dividends received through partnerships, fiduciaries, etc.) <i>2408.70</i>	9. State amount of interest received on Victory Liberty Loan 4 1/2% Notes \$ _____
	10. State amount of interest received on other obligations of the United States (except Liberty Bonds) on a principal in excess of \$5,000 \$ _____	

I SWEAR (or affirm) that this return, including the accompanying schedules and statements (if any), has been examined by me, and, to the best of my knowledge and belief, is a true and complete return, made in good faith, for the taxable period as stated, pursuant to the Revenue Act of 1921 and the Regulations issued under authority thereof.

(If return is made by agent, the reason therefor must be stated on this line.) _____

2882.15 Sworn to and subscribed before me this _____ day of _____, 1922. _____ (Signature of individual or agent.)

2408.70

4990.85

(Signature of officer administering oath.)

(Title.)

(Address of individual or agent.)

(An amended return must be plainly marked "Amended" across the face of the return.)

INDIVIDUAL INCOME TAX RETURN

FOR NET INCOMES OF NOT MORE THAN \$5,000

For Calendar Year 1922

Do not write in this space

SERIAL NUMBER

AMOUNT PAID

\$

(Cashier's Stamp)

CASH CHECK M. O.

Examined by

THIS RETURN
SHOULD BE FILED
NOT LATER THAN
THE 15TH DAY OF
THE THIRD MONTH
FOLLOWING THE
CLOSE OF THE
TAXABLE PERIOD

Or for period begun _____, 1921, and ended _____, 1922

PRINT NAME AND ADDRESS PLAINLY BELOW

Jacob R. Post
(Name)

Edmonds *Inghamish* *Idaho*
(Post office) (County) (State)

OCCUPATION, PROFESSION, OR KIND OF BUSINESS

Stage operator

Item and
Instruction No.

INCOME

1. Salaries, Wages, Commissions, etc.

(State name and address of person from whom received.)

Amount
Received.

Expenses
Paid.

Post Auto Co \$ *2400 00*

2. Income from Business or Profession (From Schedule A)

3. Interest on Bank Deposits, Notes, Mortgages, and Corporation Bonds

218 79

4. Income from Partnerships, Fiduciaries, etc. (State name and address of partnership, etc.)

5. Rents and Royalties (From Schedule B)

6. Profit from Sale of Real Estate, Stocks, Bonds, etc. (From Schedule C)

7. Other Income (except dividends from domestic corporations and interest on obligations of the United States).
(State nature of income)

(a) *Gift* *300 00*

(b)

8. TOTAL INCOME IN ITEMS 1 TO 7

\$ *2918 79*

DEDUCTIONS

9. Losses by Fire, Storm, etc. (Explain in Schedule D)

10. Interest Paid

11. Taxes Paid

12. Bad Debts (Explain in Schedule E)

13. Contributions (Explain in Schedule E)

14. Other Deductions Authorized by Law (Explain in Schedule E)

Gift *300 00*

15. TOTAL DEDUCTIONS IN ITEMS 9 TO 14

16. NET INCOME (Item 8 minus Item 15)

COMPUTATION OF TAX

17. Net Income (Item 16 above)

\$ *4500 00*

18. Less Personal Exemption and Credit
for Dependents

20. Total Tax (4% of Item 19)

21. Less: Income Tax Paid at the
Source

22. Income and profits taxes paid to a
foreign country or possession of the
United States (attach Form 1116)

19. Balance (Item 17 minus Item 18)

\$ *none*

23. Balance of Tax (Item 20 minus Items 21 and 22)

\$ *none*

An amended return must be marked "Amended" at top of return

Checks will be accepted if payable at par at Collector's Office

SCHEDULE A.—INCOME FROM BUSINESS OR PROFESSION. (See Instruction 2.)

1. Total income from business or profession		\$
COST OF GOODS SOLD:		
2. Labor	\$	
3. Material and supplies		
4. Merchandise bought for sale		
5. Other costs (list principal items and amounts below or on separate sheet)		
6. Plus inventory at beginning of year		
7. TOTAL	\$	
8. Less inventory at end of year		
9. NET COST OF GOODS SOLD	\$	
OTHER BUSINESS DEDUCTIONS:		
10. Salaries and wages not reported as "Labor" on Line 2 (see Instruction 1)	\$	
11. Rent on business property in which taxpayer has no equity		
12. Interest on business indebtedness to others		
13. Taxes on business and business property		
14. Repairs, wear and tear, obsolescence, depletion, and property losses (explain below)		
15. Bad debts arising from sales or professional services		
16. Other expenses (list principal items and amounts below or on separate sheet)		
17. TOTAL (Lines 10 to 16, inclusive)	\$	
18. TOTAL DEDUCTIONS (Line 9 plus Line 17)	\$	
19. NET INCOME (Line 1 minus Line 18) (Enter as Item 2)	\$	

State amount of salary to self included in Line 10. \$

Explanation of deductions claimed on Lines 5, 14, and 16.

SCHEDULE B.—INCOME FROM RENTS AND ROYALTIES. (See Instruction 5.)

1. Kind of property.	2. Amount received.	3. Cost, or value March 1, 1913.	4. Depreciation and depletion.	5. Repairs.	6. Other expenses.	7. Net income (Enter as Item 5).
	\$	\$	\$	\$	\$	\$

State estimated life of property, and how you figured depreciation.

SCHEDULE C.—PROFIT FROM SALE OF REAL ESTATE, STOCKS, BONDS, ETC. (See Instruction 6.)

1. Kind of property.	2. Date acquired.	3. Amount received.	4. Depreciation.	5. Cost.	6. Value March 1, 1913.	7. Subsequent improvements.	8. Net profit (Enter as Item 6).
		\$	\$	\$	\$	\$	\$

If not acquired by purchase, state how acquired.

SCHEDULE D.—EXPLANATION OF LOSSES BY FIRE, STORM, ETC. (See Instruction 9.)

1. Kind of property.	2. Cost, or value March 1, 1913.	3. Depreciation previously taken.	4. Salvage value.	5. Insurance.	6. Net loss (Enter as Item 9).
	\$	\$	\$	\$	\$

SCHEDULE E.—EXPLANATION OF DEDUCTIONS CLAIMED IN ITEMS 12, 13, and 14.

14. Cash present.

1. Are you a citizen or resident of the United States? <u>Yes</u>	2. If you filed a return for 1921, to what Collector's office was it sent? <u>Tacoma</u>	3. Is this a joint return of husband and wife? <u>Yes</u>
4. Was a separate return filed by your husband or wife? <u>No</u>	If so, state: (a) Exemption claimed, \$	(b) Name and address entered at head of that return
5. Were you married and living with husband or wife on the last day of your taxable period? <u>Yes</u>	6. If not, were you on the last day of your taxable period supporting one or more persons living in your household who are closely related to you by blood, marriage, or adoption? <u>Yes</u>	
7. How many dependent persons (other than husband or wife) under 18 years of age or incapable of self-support because mentally or physically defective were receiving their chief support from you on the last day of your taxable period? <u>5</u>	8. State amount of dividends received from domestic corporations (including dividends received through partnerships, fiduciaries, etc.) <u>\$ 2984.99</u>	9. State amount of interest received on Victory Liberty Loan 4% Notes and Treasury Notes \$
	10. State amount of interest received on other obligations of the United States (except Liberty Bonds) on a principal in excess of \$5,000 \$	

I SWEAR (or affirm) that this return, including the accompanying schedules and statements (if any), has been examined by me, and, to the best of my knowledge and belief, is a true and complete return, made in good faith, for the taxable period as stated, pursuant to the Revenue Act of 1921 and the Regulations issued under authority thereof.

(If return is made by agent, the reason therefor must be stated on this line.)

Sworn to and subscribed before me this _____ day of _____, 1923.

(Signature of individual or agent.)

(Signature of officer administering oath.)

(Title.)

(Address of individual or agent.)

2-12403

INDIVIDUAL INCOME TAX RETURN

FOR NET INCOMES OF NOT MORE THAN \$5,000

For Calendar Year 1922

DUPLICATE

DUPLICATE

Or for period begun _____, 1921, and ended _____, 1922

DETACH AND RETAIN
THIS COPY AND
THE INSTRUCTIONS

PRINT NAME AND ADDRESS PLAINLY BELOW

J. R. Jones
(Name)
(Street and number, or rural route)

(Post office) (County) (State)

IF YOU NEED
ASSISTANCE GO TO A
DEPUTY COLLECTOR
OR TO THE
COLLECTOR'S OFFICE

OCCUPATION, PROFESSION, OR KIND OF BUSINESS

Item and Instruction No.	INCOME	Amount Received.	Expenses Paid.		
1. Salaries, Wages, Commissions, etc. (State name and address of person from whom received.)	<i>J. R. Jones</i>	\$	\$	2400	00
2. Income from Business or Profession (From Schedule A)					
3. Interest on Bank Deposits, Notes, Mortgages, and Corporation Bonds				218	00
4. Income from Partnerships, Fiduciaries, etc. (State name and address of partnership, etc.)					
5. Rents and Royalties (From Schedule B)					
6. Profit from Sale of Real Estate, Stocks, Bonds, etc. (From Schedule C)					
7. Other Income (except dividends from domestic corporations and interest on obligations of the United States). (State nature of income)	(a) _____ (b) _____				
8. TOTAL INCOME IN ITEMS 1 TO 7				2618	00
DEDUCTIONS					
9. Losses by Fire, Storm, etc. (Explain in Schedule D)					
10. Interest Paid				35	00
11. Taxes Paid					
12. Bad Debts (Explain in Schedule E)					
13. Contributions (Explain in Schedule E)					
14. Other Deductions Authorized by Law (Explain in Schedule E)					
15. TOTAL DEDUCTIONS IN ITEMS 9 TO 14				35	00
16. NET INCOME (Item 8 minus Item 15)				2583	00

COMPUTATION OF TAX

17. Net Income (Item 16 above)	\$ 2583 00	20. Total Tax (4% of Item 19)	none
18. Less Personal Exemption and Credit for Dependents	415 00 00	21. Less: Income Tax Paid at the Source	\$
19. Balance (Item 17 minus Item 18)	\$ none	22. Income and profits taxes paid to a foreign country or possession of the United States (attach Form 1116)	
		23. Balance of Tax (Item 20 minus Items 21 and 22)	\$

An amended return must be marked "Amended" at top of return

Checks will be accepted if payable at par at Collector's Office

SCHEDULE A.—INCOME FROM BUSINESS OR PROFESSION. (See Instruction 2.)

1. Total income from business or profession.....		\$
COST OF GOODS SOLD:		
2. Labor.....	\$	
3. Material and supplies.....		
4. Merchandise bought for sale.....		
5. Other costs (list principal items and amounts below or on separate sheet).....		
6. Plus inventory at beginning of year.....		
7. TOTAL.....	\$	
8. Less inventory at end of year.....		
9. NET COST OF GOODS SOLD.....	\$	
OTHER BUSINESS DEDUCTIONS:		
10. Salaries and wages not reported as "Labor" on Line 2 (see Instruction 1).....	\$	
11. Rent on business property in which taxpayer has no equity.....		
12. Interest on business indebtedness to others.....		
13. Taxes on business and business property.....		
14. Repairs, wear and tear, obsolescence, depletion, and property losses (explain below).....		
15. Bad debts arising from sales or professional services.....		
16. Other expenses (list principal items and amounts below or on separate sheet).....		
17. TOTAL (Lines 10 to 16, inclusive).....	\$	
18. TOTAL DEDUCTIONS (Line 9 plus Line 17).....	\$	
19. NET INCOME (Line 1 minus Line 18) (Enter as Item 2).....	\$	
State amount of salary to self included in Line 10.. \$.....		
Explanation of deductions claimed on Lines 5, 14, and 16.....		

SCHEDULE B.—INCOME FROM RENTS AND ROYALTIES. (See Instruction 5.)

1. Kind of property.	2. Amount received.	3. Cost, or value March 1, 1913.	4. Depreciation and depletion.	5. Repairs.	6. Other expenses.	7. Net income (Enter as Item 5).
	\$	\$	\$	\$	\$	\$
State estimated life of property, and how you figured depreciation.....						

SCHEDULE C.—PROFIT FROM SALE OF REAL ESTATE, STOCKS, BONDS, ETC. (See Instruction 6.)

1. Kind of property.	2. Date acquired.	3. Amount received.	4. Depreciation.	5. Cost.	6. Value March 1, 1913.	7. Subsequent improvements.	8. Net profit (Enter as Item 6).
		\$	\$	\$	\$	\$	\$
If not acquired by purchase, state how acquired.....							

SCHEDULE D.—EXPLANATION OF LOSSES BY FIRE, STORM, ETC. (See Instruction 9.)

1. Kind of property.	2. Cost, or value March 1, 1913.	3. Depreciation previously taken.	4. Salvage value.	5. Insurance.	6. Net loss (Enter as Item 9).
	\$	\$	\$	\$	\$

SCHEDULE E.—EXPLANATION OF DEDUCTIONS CLAIMED IN ITEMS 12, 13, and 14.

1. Are you a citizen or resident of the United States? <i>Yes</i>	2. If you filed a return for 1921, to what Collector's office was it sent? <i>Sacoma, Wash</i>	3. Is this a joint return of husband and wife? <i>Yes</i>
4. Was a separate return filed by your husband or wife? <i>No</i>	If so, state: (a) Exemption claimed, \$..... (b) Name and address entered at head of that return.....	
5. Were you married and living with husband or wife on the last day of your taxable period? <i>Yes</i>	6. If not, were you on the last day of your taxable period supporting one or more persons living in your household who are closely related to you by blood, marriage, or adoption? <i>five</i>	
7. How many dependent persons (other than husband or wife) under 18 years of age or incapable of self-support because mentally or physically defective were receiving their chief support from you on the last day of your taxable period? <i>five</i>		
8. State amount of dividends received from domestic corporations (including dividends received through partnerships, fiduciaries, etc.) <i>\$2984.99</i>	9. State amount of interest received on Victory Liberty Loan 4½% Notes and Treasury Notes.....	10. State amount of interest received on other obligations of the United States (except Liberty Bonds) on a principal in excess of \$5,000.....

TAXPAYER'S RECORD OF PAYMENTS.

Payment.	Amount.	Date.	Check or M. O. No.	Bank or post office of issue.
First.....				
Second.....				
Third.....				
Fourth.....				

INSTRUCTIONS

The Instruction Numbers on this Page Correspond with the Item Numbers on the First Page of the Return

1. INCOME FROM SALARIES, WAGES, COMMISSIONS, ETC.

Enter as Item 1 on page 1 of the return, all salaries or other compensation credited by or received from outside sources, and any salaries included as a deduction in Line 10, Schedule A, for (a) yourself, (b) your husband or wife, if a joint return is filed, and (c) each dependent minor child having a net income of less than \$1,000 per annum. Use a separate line for each entry, giving the information requested.

Any necessary expenses against salaries, etc., such as traveling expenses paid while away from home in the pursuit of a trade or business, may be claimed as a deduction. Traveling expenses ordinarily include expenditures for railroad fares, meals, and lodging.

2. INCOME FROM BUSINESS OR PROFESSION.

If you owned a business, or practiced a profession on your own account, fill in Schedule A on page 2 of the return, and enter the net income (or loss) as Item 2 on page 1 of the return.

This schedule should include income derived from the following sources: (a) Sale of merchandise, or products of manufacturing, mining, construction, and agriculture; (b) Business service, such as amusements, hotel and restaurant service, livery and garage service, laundering, storage, transportation, etc.; and (c) Professional service, such as dentistry, law, or medicine.

In general, report any income in the earning of which you incurred expenses for material, labor, supplies, etc.

Farmer's income schedule.—If you are a farmer or rent your farm out on shares and keep no books of account, or keep books on a cash basis, obtain from the Collector, and attach to this return, Form 1040 F, Schedule of Farm Income and Expenses. Enter the net farm income as Item 2, page 1 of the return. If your farm books of account are kept on an accrual basis, the filing of Form 1040 F is optional. Income from salaries, interest, rents, sales of property, etc., should be entered in Items 1 to 7 of the return.

Installment sales.—If you have used the installment method in computing income from installment sales you must attach to your return a schedule showing separately for the years 1919, 1920, 1921, and 1922 the following information: (a) Gross sales; (b) Cost of goods sold; (c) Gross profits; (d) Percentage of profits to gross sales; (e) Amount collected; (f) Gross profit on amount collected.

Kind of business.—Describe the business or profession, in the space provided at the top of page 1, as "grocery," "retail clothing," "drug store," "laundry," "doctor," "lawyer," "farmer," etc.

Total income from business or profession.—Enter on Line 1 of Schedule A the total income from sales or services, less any discounts or allowances from the sale price or service charge.

Salaries.—Enter on Line 10 all salaries and wages not included as "Labor" on Line 2 under "Cost of Goods Sold." Any salary or wages deducted for your own services or the services of your dependent minor children must be entered as income in Item 1 of your return.

Rent.—Enter on Line 11 rent on business property in which you have no equity. Do not include rent for dwelling you occupy for residential purposes. **Interest.**—Enter on Line 12 interest on business indebtedness to others. Do not include interest to yourself on capital invested in or advanced to the business.

Taxes.—Enter on Line 13 taxes on business property or for carrying on business. Do not include taxes assessed against local benefits of a kind tending to increase the value of the property assessed, as for paving, sewers, etc., nor Federal income taxes.

Repairs, wear and tear, obsolescence, depletion, and property losses.—Enter on Line 14, (a) ordinary repairs required to keep property in usable condition, (b) reasonable allowance for exhaustion, wear and tear of property used in the trade or business, including a reasonable allowance for obsolescence, and (c) losses of business property by fire, storm, or other casualty, or theft, not compensated for by insurance or otherwise and not made good by repairs claimed as deductions. Explain these deductions in the space provided under Schedule A.

Do not claim any deduction for depreciation in the value of a building occupied by you as a dwelling, or of other property held for personal use, nor for land (exclusive of improvements thereon), nor on stocks, bonds, and like securities.

Bad debts.—Enter on Line 15 debts, or portions thereof, arising from sales or professional services that have been reported as income, which have been definitely ascertained to be worthless and have been charged off within the year, or such reasonable amount as has been added to a reserve for bad debts within the year.

A debt previously charged off as bad, if subsequently collected, must be returned as income for the year in which collected.

Other expenses.—Enter on Line 16, all ordinary and necessary business expenses, not classified above, such as fire insurance, heat, light, and traveling expenses. (See Instruction 1.) Do not include cost of business equipment or furniture, expenditures for replacements, or for permanent improvements to property, nor personal living and family expenses.

Deficit.—If the amount to be entered on Line 19 shows a deficit, indicate by using red ink or a minus sign.

3. INTEREST ON BANK DEPOSITS, ETC.

Enter as Item 3 all interest received or credited to your account during the taxable period on bank deposits, notes, mortgages, and corporation bonds. Interest on bonds is considered income when due and payable.

If you claim a credit on account of income tax paid at the source on corporation bonds, such credit should be 2 per cent of the amount of interest received on the bonds, in connection with which you filed a white ownership certificate (Form 1003), and should be entered as Item 21 on page 1 of the return.

4. INCOME FROM PARTNERSHIPS, FIDUCIARIES, ETC.

Enter your share (whether received or not) in the profits of a partnership, or in the income of an estate or trust, except the part of such share that consisted of dividends on stock of domestic corporations, and taxable interest on obligations of the United States, which should be included in Items 8, 9, and 10, at foot of page 2 of the return.

Enter in Item 1, salary received from a partnership or corporation. If the taxable period on the basis of which you file your return falls to coincide with the annual accounting period of the partnership or fiduciary, then you should include in your return your distributive share of the total net income for such accounting period, ending within your taxable period.

5. INCOME FROM RENTS AND ROYALTIES.

Explain in Schedule B, depreciation, depletion, repairs, and other expenses. If you received property or crops in lieu of cash rent, report the income as though the rent had been received in cash. Crops received as rent on a crop-share basis should be reported as income for the year in which disposed of (unless your return shows income accrued).

State the original cost of the property, or if it was acquired prior to March 1, 1913, the fair market value on that date.

Enter as depreciation the amount of wear and tear and obsolescence, or depletion, sustained during the taxable period 1922.

Other expenses include interest, taxes, fire insurance, fuel, light, labor, and other necessary expenses of this character.

6. PROFIT FROM SALE OF REAL ESTATE, BONDS, ETC.

Describe the property briefly in Schedule C, as "farm," "house," "bonds." State the actual consideration or price received, or the fair market value of the property received in exchange. Expenses connected with the sale, such as commissions paid agents, may be deducted in computing the amount received.

Enter the original cost of the property, and if it was acquired prior to March 1, 1913, the fair market value on that date. Attach statement explaining how value at March 1, 1913, was determined. Expenses incidental to the purchase may be included in the cost if never deducted from income. If the property was acquired by gift, bequest, devise, or inheritance after March 1, 1913, or in any manner prior to that date, see Section 202 of the Revenue Act of 1921.

Enter as depreciation the amount of wear and tear and obsolescence, or depletion, sustained and allowable as a deduction since March 1, 1913, or since date of acquisition, if subsequent to March 1, 1913. In the case of sales of stocks and bonds, no deductions should be taken in columns 4 and 7 of Schedule C for "Depreciation" and "Subsequent improvements."

Subsequent improvements include expenditures for additions, improvements, and repairs made to restore the property or prolong its useful life. Do not deduct ordinary repairs, interest and taxes in computing profit or loss.

If the net result to be entered in Item 6 is a deductible loss, indicate the deficit by using red ink or a minus sign.

7. OTHER INCOME.

Enter all other taxable income for which no place is provided elsewhere on page 1 of the return, including dividends on stock of foreign corporations.

Dividends on stock of domestic corporations and taxable interest on obligations of the United States should be entered in Items 8, 9, and 10 at the foot of page 2 of the return, as these items are exempt from taxation if the total amount reported therein, together with the net income Item 16, does not exceed \$6,000.

8. TOTAL INCOME.

Enter the net amount of Items 1 to 7, inclusive, after deducting any expenses reported in Item 1, and losses in Items 2, 4, 5, 6, and 7.

9. LOSSES BY FIRE, STORM, ETC.

Enter as Item 9 losses of property not connected with your trade, business, or profession, sustained during the year from fire, storm, shipwreck, or other casualty, or from theft, which were not compensated for by insurance or otherwise. Do not deduct losses incurred in transactions which were neither connected with your trade or business, nor entered into for profit.

Losses claimed should be explained in Schedule D on page 2 of the return.

10. INTEREST PAID.

Enter as Item 10 interest paid on personal indebtedness as distinguished from business indebtedness (which should be deducted under Schedules A or B). Do not include interest on indebtedness incurred or continued for the purchase of bonds and other obligations, the interest on which is wholly exempt from tax, except interest on indebtedness incurred to purchase or carry Victory Liberty Loan 3½% Notes, originally subscribed for by the taxpayer.

11. TAXES PAID.

Enter as Item 11 personal taxes paid and all taxes on property not used in business or profession, not including those assessed against local benefits of a kind tending to increase the value of the property. Do not include Federal income taxes, taxes imposed upon the taxpayer upon his interest as shareholder or member of a corporation, which are paid by the corporation without reimbursement from the taxpayer, nor income and profits taxes claimed as a credit in Item 22, page 1 of the return.

12. BAD DEBTS.

Enter as Item 12 all bad debts other than those claimed as a deduction in Items above. State in Schedule E, (a) of what the debts consisted, (b) when they were created, (c) when they became due, and (d) how they were actually determined to be worthless.

13. CONTRIBUTIONS.

Enter as Item 13 contributions or gifts made within the taxable period to or for the use of: (a) the United States, any State, Territory, or any political subdivision thereof, or the District of Columbia, for exclusively public purposes; (b) any corporation, or community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, including posts of the American Legion or the Women's Auxiliary units thereof, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual; or (c) the special fund for vocational rehabilitation authorized by section 7 of the Vocational Rehabilitation Act; to an amount which in all the above cases combined does not exceed 15 per cent of the taxpayer's net income as computed without the benefit of this paragraph.

Fiduciaries filing this return for estates in the process of administration are allowed, in lieu of this deduction, that provided in Section 219 (b) of the Revenue Act of 1921.

List names of organizations and amounts contributed to each in Schedule E.

14. OTHER AUTHORIZED DEDUCTIONS.

Enter any other authorized deductions for which no place is provided elsewhere on page 1 of the return.

If this return is filed for an estate in the process of administration, there may be deducted the amount of any income properly paid or credited to beneficiaries. Any deduction claimed should be explained in Schedule E.

15. TOTAL DEDUCTIONS.

Enter as Item 15 the total of Items 9 to 14, inclusive. This amount should not include any deduction claimed in Schedule A.

16. NET INCOME.

Enter as Item 16 the net income, which is obtained by deducting Item 15 from Item 8.

17. PERSONS REQUIRED TO MAKE A RETURN OF INCOME.

An income tax return must be filed by every citizen of the United States whether residing at home or abroad, and every person residing in the United States, though not a citizen thereof, whose gross income for the taxable period 1922 amounted to \$5,000, or whose net income amounted to—

- (a) \$1,000 if single or if married and not living with husband or wife.
- (b) \$2,000 if married and living with husband or wife.

If the combined net income of husband, wife, and dependent minor children equalled or exceeded \$2,000, or if the combined gross income of husband, wife, and dependent minor children equalled or exceeded \$5,000 all such income must be reported on a joint return, or on separate returns of husband and wife. If single and the net income, including that of dependent minors, if any, equalled or exceeded \$1,000, or if the gross income equalled or exceeded \$5,000, a return must be filed. A minor, however, having a net income of \$1,000 or \$2,000, according to the marital status, or a gross income of \$5,000, must file a return.

Under each of the above conditions, a return must be filed even though no tax is due. Note especially Instruction 22, "Credits for Personal Exemption and Dependents."

The income of a minor or incompetent, if derived from a separate estate under control of a guardian, trustee, or other fiduciary, must be reported by his guardian or other legal representative.

Income of (a) estates of decedents before final settlement; (b) trusts, whether created by will or deed, for unascertained persons or persons with contingent interests; or income held, or which under the terms of the will or trust may be held, for future distribution, is taxed to the fiduciary as a single person, except that from the income of an estate there may first be deducted any amount properly paid or credited to beneficiaries.

If the net income of a decedent from the beginning of the taxable period to the date of his death was at the rate of \$1,000, if unmarried, or \$2,000, if married and living with wife or husband, or if the gross income was at the rate of \$5,000 or over, the executor or administrator shall file a return on Form 1040 or 1040A for such decedent.

18. WHEN TO USE FORM 1040 INSTEAD OF THIS FORM.

You must file your return on Form 1040—

- (a) If the combined net income of husband and wife exceeds \$5,000.
- (b) If your net income exceeds \$5,000.
- (c) If the net income reported in this return exceeds \$4,000 and the entire family exemption has been claimed in a separate return filed by husband or wife.
- (d) If the return is filed for a period of less than one year and the net income when placed on an annual basis exceeds \$5,000. (See Instruction 19 below.)

19. PERIOD TO BE COVERED BY RETURN.

Your return must be filed for the calendar year ending December 31, 1922, or for the fiscal year ending on the last day of any month other than December. The dates on which the period covered by the return begins and ends, if other than a calendar year, must be plainly stated at the head of the return.

The accounting period established must be adhered to for subsequent years, unless permission was received from the Commissioner to make a change. In the case of a return for a period of less than one year, the net income shall be placed on an annual basis by multiplying the amount thereof by twelve and dividing by the number of months included in such period; and the tax shall be such part of a tax computed on such annual basis as the number of months in such period is of twelve months.

20. ACCRUED OR RECEIVED INCOME.

If your books of account are kept on an accrual basis, report all income accrued, even though it has not been actually received or entered on the books, and expenses incurred instead of expenses paid.

If your books do not show income accrued and expenses incurred, report all income received or constructively received, such as bank interest credited to your account, and expenses paid.

21. ITEMS EXEMPT FROM TAX.

The following items are exempt from Federal income tax and should not be reported, unless it is desired to establish a net loss, in which case see Section 204 of the Revenue Act of 1921:

- (a) The proceeds of life insurance policies paid upon the death of the insured;
- (b) The amount received by the insured as a return of premium or premiums paid by him under life insurance, endowment, or annuity contracts, either during the term or at the maturity of the term mentioned in the contract or upon surrender of the contract;
- (c) Gifts (not made as a consideration for service rendered), and money and property acquired under a will or by inheritance (but the income derived from money or property received by gift, will, or inheritance is taxable and must be reported);

(d) Interest upon (1) the obligations of a State, Territory, or any political subdivision thereof, or the District of Columbia; or (2) securities issued under the provisions of the Federal Farm Loan Act of July 17, 1916; or (3) the obligations of the United States or its possessions. In the case of obligations of the United States issued after September 1, 1917 (other than postal savings certificates of deposit), the interest is exempt only if and to the extent provided in the respective acts authorizing the issue thereof as amended and supplemented by Section 1323 of the Revenue Act of 1921, and should be excluded from gross income only if and to the extent it is wholly exempt to the taxpayer from income, war profits, and excess profits taxes;

(e) Amounts received through accident or health insurance or under workmen's compensation acts, as compensation for personal injuries or sickness, plus the amount of any damages received, whether by suit or agreement, on account of such injuries or sickness;

(f) Amounts received as compensation, family allotments and allowances under the provisions of the War Risk Insurance and the Vocational Rehabilitation Acts, or as pensions from the United States for service of the beneficiary or another in the military or naval forces of the United States in time of war;

(g) The rental value of a dwelling house and appurtenances thereof furnished to a minister of the gospel as part of his compensation;

(h) Compensation paid by a State or political subdivision thereof to its officers or employees.

2-12468

22. CREDITS FOR PERSONAL EXEMPTION AND DEPENDENTS.

If you were married and living with your husband or wife or were head of a family on the last day of your taxable period, you may subtract from your net income on Form 1040A, before calculating your normal tax, an exemption of \$2,500, plus \$400 for each person (other than husband or wife) under 18 years of age or incapable of self-support because mentally or physically defective, who was receiving his chief support from you on that date. If husband and wife make separate returns, the exemption of \$2,500 may be claimed by either (but not by both) or may be divided between them, but the exemption of \$400 for each dependent may be claimed only by the person furnishing the chief support.

If you were not married or did not live with husband or wife and were not head of a family on the last day of your taxable period, you are entitled to a personal exemption of \$1,000 plus \$400 for each dependent person under 18 years of age or incapable of self-support because mentally or physically defective, who was receiving his chief support from you on that date.

An exemption of \$1,000 may be claimed in cases where Form 1040A is filed for estates in process of administration, or with respect to income held for future distribution.

If by reason of a change in your accounting period a return is filed for part of a year, the personal exemption and credit for dependents may be claimed in accordance with your status on the last day of such taxable period. (See also Instruction 19 on this page.)

A "head of family" is a person who actually supports one or more persons living in his (or her) household, who are closely related to him (or her) by blood, marriage, or adoption.

23. AFFIDAVIT.

The affidavit must be executed by the person whose income is reported unless he is a minor or incompetent, or unless he is ill, absent from the country, or otherwise incapacitated, in which case the legal representative or agent may execute the affidavit. A minor, however, making his own return, must execute the affidavit.

The oath will be administered without charge by any collector, deputy collector, or internal revenue agent, or (if you are in the military or naval service of the United States) by any military or naval officer who is authorized to administer oaths for purposes of military or naval justice and administration. If an internal revenue officer is not available, the return should be sworn to before a notary public, justice of the peace, or other person authorized to administer oaths.

24. WHEN AND WHERE THE RETURN MUST BE FILED.

If the return is for the calendar year 1922, file it with the Collector of Internal Revenue for the district in which you live or have your principal place of business on or before March 15, 1923. If for a period other than the calendar year, the return should be filed on or before the 15th day of the third month following the close of such period.

If the address of the collector is not printed on the return and you do not know it, ask at the post office or bank.

In case you have no legal residence or place of business in the United States, the return should be forwarded to the Collector of Internal Revenue, Baltimore, Maryland.

25. WHEN AND TO WHOM THE TAX MUST BE PAID.

The tax should be paid, if possible, by sending or bringing with the return a check or money order drawn to the order of "Collector of Internal Revenue at (insert name of city and State)."

Do not send cash through the mail, or pay it in person, except at the office of the collector.

The tax may be paid in four equal installments as follows: The first installment shall be paid at the time fixed by law for filing the return, the second installment shall be paid on the 15th day of the third month, the third installment on the 15th day of the sixth month, and the fourth installment on the 15th day of the ninth month after the time fixed by law for filing the return.

The total tax may be paid at the time of filing the return, or if paid in installments as provided above, the balance due at any time may be paid in full on or before the date when the next installment is due. One installment must be paid and the balance may be paid in installments, or in full, on or prior to any subsequent installment date referred to above. Failure to pay any installment on or before the date fixed by law makes the taxpayer liable for the payment of the balance of tax upon notice and demand by the collector.

26. PENALTIES.

For Making False or Fraudulent Return.

Not exceeding \$10,000 or not exceeding one year's imprisonment, or both, in the discretion of the court, and, in addition, 50 per cent of the tax evaded.

For Failing to Make Return on Time.

Not more than \$1,000, and, in addition, 25 per cent of the total tax.

For Failing to Pay Tax When Due, or Understatement of Tax Through Negligence, etc.

Five per cent of the tax due but unpaid, plus interest at the rate of 1 per cent per month during the period in which it remains unpaid.

27. INFORMATION AT SOURCE.

Every individual making payments of salaries, wages, interest, rents, commissions, or other fixed or determinable income of \$1,000 or more during the calendar year, to any individual or partnership, is required to make a true and accurate return to the Commissioner of Internal Revenue, showing the amount of such payments and the name and address of the recipient. Forms 1096 and 1099, for reporting such information, will be furnished by any collector of internal revenue. Such returns of information covering the calendar year 1922 must be forwarded to the Commissioner of Internal Revenue, Sorting Section, Washington, D. C., in time to be received not later than March 15, 1923.

INDIVIDUAL INCOME TAX RETURN

FOR NET INCOMES OF NOT MORE THAN \$5,000

For Calendar Year 1922

DUPLICATE

DUPLICATE

Or for period begun _____, 1921, and ended _____, 1922

DETACH AND RETAIN THIS COPY AND THE INSTRUCTIONS	PRINT NAME AND ADDRESS PLAINLY BELOW			IF YOU NEED ASSISTANCE GO TO A DEPUTY COLLECTOR OR TO THE COLLECTOR'S OFFICE
	_____ (Name)			
	_____ (Street and number, or rural route)			
	_____ (Post office) (County) (State)			

OCCUPATION, PROFESSION, OR KIND OF BUSINESS _____

Item and Instruction No.	INCOME	Amount Received.	Expenses Paid.	
1. Salaries, Wages, Commissions, etc. (State name and address of person from whom received.)	_____	\$ _____	\$ _____	\$ _____
2. Income from Business or Profession (From Schedule A)	_____			
3. Interest on Bank Deposits, Notes, Mortgages, and Corporation Bonds	_____			
4. Income from Partnerships, Fiduciaries, etc. (State name and address of partnership, etc.)	_____			
5. Rents and Royalties (From Schedule B)	_____			
6. Profit from Sale of Real Estate, Stocks, Bonds, etc. (From Schedule C)	_____			
7 Other Income (except dividends from domestic corporations and interest on obligations of the United States). (State nature of income)	(a) _____ (b) _____			
8 TOTAL INCOME IN ITEMS 1 TO 7				\$ _____
DEDUCTIONS				
9. Losses by Fire, Storm, etc. (Explain in Schedule D)	_____			\$ _____
10. Interest Paid	_____			
11. Taxes Paid	_____			
12. Bad Debts (Explain in Schedule E)	_____			
13. Contributions (Explain in Schedule E)	_____			
14. Other Deductions Authorized by Law (Explain in Schedule E)	_____			
15. TOTAL DEDUCTIONS IN ITEMS 9 TO 14				\$ _____
16. NET INCOME (Item 8 minus Item 15)				\$ _____

COMPUTATION OF TAX

17. Net Income (Item 16 above)	\$ _____		20. Total Tax (4% of Item 19)	\$ _____
18. Less Personal Exemption and Credit for Dependents	_____		21. Less: Income Tax Paid at the Source	\$ _____
			22. Income and profits taxes paid to a foreign country or possession of the United States (attach Form 1116)	_____
19. Balance (Item 17 minus Item 18)	\$ _____		23. Balance of Tax (Item 20 minus Items 21 and 22)	\$ _____

An amended return must be marked "Amended" at top of return

Checks will be accepted if payable at par at Collector's Office

SCHEDULE A.—INCOME FROM BUSINESS OR PROFESSION. (See Instruction 2.)

1. Total income from business or profession.....			\$	
COST OF GOODS SOLD:				
2. Labor.....	\$		OTHER BUSINESS DEDUCTIONS: 10. Salaries and wages not reported as "Labor" on Line 2 (see Instruction 1)..... \$ 11. Rent on business property in which taxpayer has no equity..... 12. Interest on business indebtedness to others..... 13. Taxes on business and business property..... 14. Repairs, wear and tear, obsolescence, depletion, and property losses (explain below)..... 15. Bad debts arising from sales or professional services..... 16. Other expenses (list principal items and amounts below or on separate sheet).....	
3. Material and supplies.....				
4. Merchandise bought for sale.....				
5. Other costs (list principal items and amounts below or on separate sheet).....				
6. Plus inventory at beginning of year.....				
7. TOTAL.....	\$		17. TOTAL (Lines 10 to 16, inclusive)..... \$	
8. Less inventory at end of year.....			18. TOTAL DEDUCTIONS (Line 9 plus Line 17)..... \$	
9. NET COST OF GOODS SOLD.....	\$		19. NET INCOME (Line 1 minus Line 18) (Enter as Item 2)..... \$	

State amount of salary to self included in Line 10.. \$

Explanation of deductions claimed on Lines 5, 14, and 16.....

SCHEDULE B.—INCOME FROM RENTS AND ROYALTIES. (See Instruction 5.)

1. Kind of property.	2. Amount received.	3. Cost, or value March 1, 1913.	4. Depreciation and depletion.	5. Repairs.	6. Other expenses.	7. Net income (Enter as Item 5).
	\$	\$	\$	\$	\$	\$

State estimated life of property, and how you figured depreciation.....

SCHEDULE C.—PROFIT FROM SALE OF REAL ESTATE, STOCKS, BONDS, ETC. (See Instruction 6.)

1. Kind of property.	2. Date acquired.	3. Amount received.	4. Depreciation.	5. Cost.	6. Value March 1, 1913.	7. Subsequent improvements.	8. Net profit (Enter as Item 6).
		\$	\$	\$	\$	\$	\$

If not acquired by purchase, state how acquired.....

SCHEDULE D.—EXPLANATION OF LOSSES BY FIRE, STORM, ETC. (See Instruction 9.)

1. Kind of property.	2. Cost, or value March 1, 1913.	3. Depreciation previously taken.	4. Salvage value.	5. Insurance.	6. Net loss (Enter as Item 9).
	\$	\$	\$	\$	\$

SCHEDULE E.—EXPLANATION OF DEDUCTIONS CLAIMED IN ITEMS 12, 13, and 14.

1. Are you a citizen or resident of the United States?		2. If you filed a return for 1921, to what Collector's office was it sent?		3. Is this a joint return of husband and wife?	
4. Was a separate return filed by your husband or wife?		If so, state: (a) Exemption claimed, \$..... (b) Name and address entered at head of that return.....		6. If not, were you on the last day of your taxable period supporting one or more persons living in your household who are closely related to you by blood, marriage, or adoption?	
5. Were you married and living with husband or wife on the last day of your taxable period?		7. How many dependent persons (other than husband or wife) under 18 years of age or incapable of self-support because mentally or physically defective were receiving their chief support from you on the last day of your taxable period?			
8. State amount of dividends received from domestic corporations (including dividends received through partnerships, fiduciaries, etc.)..... \$		9. State amount of interest received on Victory Liberty Loan 4½% Notes and Treasury Notes..... \$		10. State amount of interest received on other obligations of the United States (except Liberty Bonds) on a principal in excess of \$5,000..... \$	

TAXPAYER'S RECORD OF PAYMENTS.

Payment.	Amount.	Date.	Check or M. O. No.	Bank or post office of issue.
First.....				
Second.....				
Third.....				
Fourth.....				

INSTRUCTIONS

The Instruction Numbers on this Page Correspond with the Item Numbers on the First Page of the Return

1. INCOME FROM SALARIES, WAGES, COMMISSIONS, ETC.

Enter as Item 1 on page 1 of the return, all salaries or other compensation credited by or received from outside sources, and any salaries included as a deduction in Line 10, Schedule A, for (a) yourself, (b) your husband or wife, if a joint return is filed, and (c) each dependent minor child having a net income of less than \$1,000 per annum. Use a separate line for each entry, giving the information requested.

Any necessary expenses against salaries, etc., such as traveling expenses paid while away from home in the pursuit of a trade or business, may be claimed as a deduction. Traveling expenses ordinarily include expenditures for railroad fares, meals, and lodging.

2. INCOME FROM BUSINESS OR PROFESSION.

If you owned a business, or practiced a profession on your own account, fill in Schedule A on page 2 of the return; and enter the net income (or loss) as Item 2 on page 1 of the return.

This schedule should include income derived from the following sources: (a) Sale of merchandise, or products of manufacturing, mining, construction, and agriculture; (b) Business service, such as amusements, hotel and restaurant service, livery and garage service, laundering, storage, transportation, etc.; and (c) Professional service, such as dentistry, law, or medicine.

In general, report any income in the earning of which you incurred expenses for material, labor, supplies, etc.

Farmer's income schedule.—If you are a farmer or rent your farm out on shares and keep no books of account, or keep books on a cash basis, obtain from the Collector, and attach to this return, Form 1040 F, Schedule of Farm Income and Expenses. Enter the net farm income as Item 2, page 1 of the return. If your farm books of account are kept on an accrual basis, the filing of Form 1040 F is optional. Income from salaries, interest, rents, sales of property, etc., should be entered in Items 1 to 7 of the return.

Installment sales.—If you have used the installment method in computing income from installment sales you must attach to your return a schedule showing separately for the years 1919, 1920, 1921, and 1922 the following information: (a) Gross sales; (b) Cost of goods sold; (c) Gross profits; (d) Percentage of profits to gross sales; (e) Amount collected; (f) Gross profit on amount collected.

Kind of business.—Describe the business or profession, in the space provided at the top of page 1, as "grocery," "retail clothing," "drug store," "laundry," "doctor," "lawyer," "farmer," etc.

Total income from business or profession.—Enter on Line 1 of Schedule A the total income from sales or services, less any discounts or allowances from the sale price or service charge.

Salaries.—Enter on Line 10 all salaries and wages not included as "Labor" on Line 2 under "Cost of Goods Sold." Any salary or wages deducted for your own services or the services of your dependent minor children must be entered as income in Item 1 of your return.

Rent.—Enter on Line 11 rent on business property in which you have no equity. Do not include rent for dwelling you occupy for residential purposes.

Interest.—Enter on Line 12 interest on business indebtedness to others. Do not include interest to yourself on capital invested in or advanced to the business.

Taxes.—Enter on Line 13 taxes on business property or for carrying on business. Do not include taxes assessed against local benefits of a kind tending to increase the value of the property assessed, as for paving, sewers, etc., nor Federal income taxes.

Repairs, wear and tear, obsolescence, depletion, and property losses.—Enter on Line 14, (a) ordinary repairs required to keep property in usable condition, (b) reasonable allowance for exhaustion, wear and tear of property used in the trade or business, including a reasonable allowance for obsolescence, and (c) losses of business property by fire, storm, or other casualty, or theft, not compensated for by insurance or otherwise and not made good by repairs claimed as deductions. Explain these deductions in the space provided under Schedule A.

Do not claim any deduction for depreciation in the value of a building occupied by you as a dwelling, or of other property held for personal use, nor for land (exclusive of improvements thereon), nor on stocks, bonds, and like securities.

Bad debts.—Enter on Line 15 debts, or portions thereof, arising from sales or professional services that have been reported as income, which have been definitely ascertained to be worthless and have been charged off within the year, or such reasonable amount as has been added to a reserve for bad debts within the year.

A debt previously charged off as bad, if subsequently collected, must be returned as income for the year in which collected.

Other expenses.—Enter on Line 16, all ordinary and necessary business expenses, not classified above, such as fire insurance, heat, light, and traveling expenses. (See Instruction 1.) Do not include cost of business equipment or furniture, expenditures for replacements, or for permanent improvements to property, nor personal living and family expenses.

Deficit.—If the amount to be entered on Line 19 shows a deficit, indicate by using red ink or a minus sign.

3. INTEREST ON BANK DEPOSITS, ETC.

Enter as Item 3 all interest received or credited to your account during the taxable period on bank deposits, notes, mortgages, and corporation bonds. Interest on bonds is considered income when due and payable.

If you claim a credit on account of income tax paid at the source on corporation bonds, such credit should be 2 per cent of the amount of interest received on the bonds, in connection with which you filed a white ownership certificate (Form 1000), and should be entered as Item 21 on page 1 of the return.

4. INCOME FROM PARTNERSHIPS, FIDUCIARIES, ETC.

Enter your share (whether received or not) in the profits of a partnership, or in the income of an estate or trust, except the part of such share that consisted of dividends on stock of domestic corporations, and taxable interest on obligations of the United States, which should be included in Items 8, 9, and 10, at foot of page 2 of the return.

Enter in Item 1, salary received from a partnership or corporation. If the taxable period on the basis of which you file your return fails to coincide with the annual accounting period of the partnership or fiduciary, then you should include in your return your distributive share of the total net income for such accounting period, ending within your taxable period.

5. INCOME FROM RENTS AND ROYALTIES.

Explain in Schedule B, depreciation, depletion, repairs, and other expenses. If you received property or crops in lieu of cash rent, report the income as though the rent had been received in cash. Crops received as rent on a crop-share basis should be reported as income for the year in which disposed of (unless your return shows income accrued).

State the original cost of the property, or if it was acquired prior to March 1, 1913, the fair market value on that date.

Enter as depreciation the amount of wear and tear and obsolescence, or depletion, sustained during the taxable period 1922.

Other expenses include interest, taxes, fire insurance, fuel, light, labor, and other necessary expenses of this character.

6. PROFIT FROM SALE OF REAL ESTATE, BONDS, ETC.

Describe the property briefly in Schedule C, as "farm," "house," "bonds." State the actual consideration or price received, or, the fair market value of the property received in exchange. Expenses connected with the sale, such as commissions paid agents, may be deducted in computing the amount received.

Enter the original cost of the property, and if it was acquired prior to March 1, 1913, the fair market value on that date. Attach statement explaining how value at March 1, 1913, was determined. Expenses incidental to the purchase may be included in the cost if never deducted from income. If the property was acquired by gift, bequest, devise, or inheritance after March 1, 1913, or in any manner prior to that date, see Section 202 of the Revenue Act of 1921.

Enter as depreciation the amount of wear and tear and obsolescence, or depletion, sustained and allowable as a deduction since March 1, 1913, or since date of acquisition, if subsequent to March 1, 1913. In the case of sales of stocks and bonds, no deductions should be taken in columns 4 and 7 of Schedule C for "Depreciation" and "Subsequent improvements."

Subsequent improvements include expenditures for additions, improvements, and repairs made to restore the property or prolong its useful life. Do not deduct ordinary repairs, interest and taxes in computing profit or loss.

If the net result to be entered in Item 6 is a deductible loss, indicate the deficit by using red ink or a minus sign.

7. OTHER INCOME.

Enter all other taxable income for which no place is provided elsewhere on page 1 of the return, including dividends on stock of foreign corporations.

Dividends on stock of domestic corporations and taxable interest on obligations of the United States should be entered in Items 8, 9, and 10 at the foot of page 2 of the return, as these items are exempt from taxation if the total amount reported therein, together with the net income Item 16, does not exceed \$6,000.

8. TOTAL INCOME.

Enter the net amount of Items 1 to 7, inclusive, after deducting any expenses reported in Item 1, and losses in Items 2, 4, 5, 6, and 7.

9. LOSSES BY FIRE, STORM, ETC.

Enter as Item 9 losses of property not connected with your trade, business, or profession, sustained during the year from fire, storm, shipwreck, or other casualty, or from theft, which were not compensated for by insurance or otherwise. Do not deduct losses incurred in transactions which were neither connected with your trade or business, nor entered into for profit.

Losses claimed should be explained in Schedule D on page 2 of the return.

10. INTEREST PAID.

Enter as Item 10 interest paid on personal indebtedness as distinguished from business indebtedness (which should be deducted under Schedules A or B). Do not include interest on indebtedness incurred or continued for the purchase of bonds and other obligations, the interest on which is wholly exempt from tax, except interest on indebtedness incurred to purchase or carry Victory Liberty Loan 3½% Notes, originally subscribed for by the taxpayer.

11. TAXES PAID.

Enter as Item 11 personal taxes paid and all taxes on property not used in business or profession, not including those assessed against local benefits of a kind tending to increase the value of the property. Do not include Federal income taxes, taxes imposed upon the taxpayer upon his interest as shareholder or member of a corporation, which are paid by the corporation without reimbursement from the taxpayer, nor income and profits taxes claimed as a credit in Item 22, page 1 of the return.

12. BAD DEBTS.

Enter as Item 12 all bad debts other than those claimed as a deduction in Items above. State in Schedule E, (a) of what the debts consisted, (b) when they were created, (c) when they became due, and (d) how they were actually determined to be worthless.

13. CONTRIBUTIONS.

Enter as Item 13 contributions or gifts made within the taxable period to or for the use of: (a) the United States, any State, Territory, or any political subdivision thereof, or the District of Columbia, for exclusively public purposes; (b) any corporation, or community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, including posts of the American Legion or the Women's Auxiliary units thereof, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual; or (c) the special fund for vocational rehabilitation authorized by section 7 of the Vocational Rehabilitation Act; to an amount which in all the above cases combined does not exceed 15 per cent of the taxpayer's net income as computed without the benefit of this paragraph.

Fiduciaries filing this return for estates in the process of administration are allowed, in lieu of this deduction, that provided in Section 219 (b) of the Revenue Act of 1921.

List names of organizations and amounts contributed to each in Schedule E.

14. OTHER AUTHORIZED DEDUCTIONS.

Enter any other authorized deductions for which no place is provided elsewhere on page 1 of the return.

If this return is filed for an estate in the process of administration, there may be deducted the amount of any income properly paid or credited to beneficiaries. Any deduction claimed should be explained in Schedule E.

15. TOTAL DEDUCTIONS.

Enter as Item 15 the total of Items 9 to 14, inclusive. This amount should not include any deduction claimed in Schedule A.

16. NET INCOME.

Enter as Item 16 the net income, which is obtained by deducting Item 15 from Item 8.

17. PERSONS REQUIRED TO MAKE A RETURN OF INCOME.

An income tax return must be filed by every citizen of the United States whether residing at home or abroad, and every person residing in the United States, though not a citizen thereof, whose gross income for the taxable period 1922 amounted to \$5,000, or whose net income amounted to—

- \$1,000 if single or if married and not living with husband or wife.
 - \$2,000 if married and living with husband or wife.
- If the combined net income of husband, wife, and dependent minor children equalled or exceeded \$2,000, or if the combined gross income of husband, wife, and dependent minor children equalled or exceeded \$5,000 all such income must be reported on a joint return, or on separate returns of husband and wife. If single and the net income, including that of dependent minors, if any, equalled or exceeded \$1,000, or if the gross income equalled or exceeded \$5,000, a return must be filed. A minor, however, having a net income of \$1,000 or \$2,000, according to the marital status, or a gross income of \$5,000, must file a return.

Under each of the above conditions, a return must be filed even though no tax is due. Note especially Instruction 22, "Credits for Personal Exemption and Dependents."

The income of a minor or incompetent, if derived from a separate estate under control of a guardian, trustee, or other fiduciary, must be reported by his guardian or other legal representative.

Income of (a) estates of decedents before final settlement; (b) trusts, whether created by will or deed, for unascertained persons or persons with contingent interests; or income held, or which under the terms of the will or trust may be held, for future distribution, is taxed to the fiduciary as a single person, except that from the income of an estate there may first be deducted any amount properly paid or credited to beneficiaries.

If the net income of a decedent from the beginning of the taxable period to the date of his death was at the rate of \$1,000, if unmarried, or \$2,000, if married and living with wife or husband, or if the gross income was at the rate of \$5,000 or over, the executor or administrator shall file a return on Form 1040 or 1040A for such decedent.

18. WHEN TO USE FORM 1040 INSTEAD OF THIS FORM.

You must file your return on Form 1040—

- If the combined net income of husband and wife exceeds \$5,000.
- If your net income exceeds \$5,000.
- If the net income reported in this return exceeds \$4,000 and the entire family exemption has been claimed in a separate return filed by husband or wife.
- If the return is filed for a period of less than one year and the net income when placed on an annual basis exceeds \$5,000. (See Instruction 19 below.)

19. PERIOD TO BE COVERED BY RETURN.

Your return must be filed for the calendar year ending December 31, 1922, or for the fiscal year ending on the last day of any month other than December. The dates on which the period covered by the return begins and ends, if other than a calendar year, must be plainly stated at the head of the return.

The accounting period established must be adhered to for subsequent years, unless permission was received from the Commissioner to make a change. In the case of a return for a period of less than one year, the net income shall be placed on an annual basis by multiplying the amount thereof by twelve and dividing by the number of months included in such period; and the tax shall be such part of a tax computed on such annual basis as the number of months in such period is of twelve months.

20. ACCRUED OR RECEIVED INCOME.

If your books of account are kept on an accrual basis, report all income accrued, even though it has not been actually received or entered on the books, and expenses incurred instead of expenses paid.

If your books do not show income accrued and expenses incurred, report all income received or constructively received, such as bank interest credited to your account, and expenses paid.

21. ITEMS EXEMPT FROM TAX.

The following items are exempt from Federal income tax and should not be reported, unless it is desired to establish a net loss, in which case see Section 204 of the Revenue Act of 1921:

- The proceeds of life insurance policies paid upon the death of the insured;
- The amount received by the insured as a return of premium or premiums paid by him under life insurance, endowment, or annuity contracts, either during the term or at the maturity of the term mentioned in the contract or upon surrender of the contract;
- Gifts (not made as a consideration for service rendered), and money and property acquired under a will or by inheritance (but the income derived from money or property received by gift, will, or inheritance is taxable and must be reported);
- Interest upon (1) the obligations of a State, Territory, or any political subdivision thereof, or the District of Columbia; or (2) securities issued under the provisions of the Federal Farm Loan Act of July 17, 1916; or (3) the obligations of the United States or its possessions. In the case of obligations of the United States issued after September 1, 1917 (other than postal savings certificates of deposit), the interest is exempt only if and to the extent provided in the respective acts authorizing the issue thereof as amended and supplemented by Section 1328 of the Revenue Act of 1921, and should be excluded from gross income only if and to the extent it is wholly exempt to the taxpayer from income, war profits, and excess profits taxes;
- Amounts received through accident or health insurance or under workmen's compensation acts, as compensation for personal injuries or sickness, plus the amount of any damages received, whether by suit or agreement, on account of such injuries or sickness;
- Amounts received as compensation, family allotments and allowances under the provisions of the War Risk Insurance and the Vocational Rehabilitation Acts, or as pensions from the United States for service of the beneficiary or another in the military or naval forces of the United States in time of war;
- The rental value of a dwelling house and appurtenances thereof furnished to a minister of the gospel as part of his compensation;
- Compensation paid by a State or political subdivision thereof to its officers or employees.

2-12468

22. CREDITS FOR PERSONAL EXEMPTION AND DEPENDENTS.

If you were married and living with your husband or wife or were head of a family on the last day of your taxable period, you may subtract from your net income on Form 1040A, before calculating your normal tax, an exemption of \$2,500, plus \$400 for each person (other than husband or wife) under 18 years of age or incapable of self-support because mentally or physically defective, who was receiving his chief support from you on that date. If husband and wife make separate returns, the exemption of \$2,500 may be claimed by either (but not by both) or may be divided between them, but the exemption of \$400 for each dependent may be claimed only by the person furnishing the chief support.

If you were not married or did not live with husband or wife and were not head of a family on the last day of your taxable period, you are entitled to a personal exemption of \$1,000 plus \$400 for each dependent person under 18 years of age or incapable of self-support because mentally or physically defective, who was receiving his chief support from you on that date.

An exemption of \$1,000 may be claimed in cases where Form 1040A is filed for estates in process of administration, or with respect to income held for future distribution.

If by reason of a change in your accounting period a return is filed for part of a year, the personal exemption and credit for dependents may be claimed in accordance with your status on the last day of such taxable period. (See also Instruction 19 on this page.)

A "head of family" is a person who actually supports one or more persons living in his (or her) household, who are closely related to him (or her) by blood, marriage, or adoption.

23. AFFIDAVIT.

The affidavit must be executed by the person whose income is reported unless he is a minor or incompetent, or unless he is ill, absent from the country, or otherwise incapacitated, in which case the legal representative or agent may execute the affidavit. A minor, however, making his own return, must execute the affidavit.

The oath will be administered without charge by any collector, deputy collector, or internal revenue agent, or (if you are in the military or naval service of the United States) by any military or naval officer who is authorized to administer oaths for purposes of military or naval justice and administration. If an internal revenue officer is not available, the return should be sworn to before a notary public, justice of the peace, or other person authorized to administer oaths.

24. WHEN AND WHERE THE RETURN MUST BE FILED.

If the return is for the calendar year 1922, file it with the Collector of Internal Revenue for the district in which you live or have your principal place of business on or before March 15, 1923. If for a period other than the calendar year, the return should be filed on or before the 15th day of the third month following the close of such period.

If the address of the collector is not printed on the return and you do not know it, ask at the post office or bank.

In case you have no legal residence or place of business in the United States, the return should be forwarded to the Collector of Internal Revenue, Baltimore, Maryland.

25. WHEN AND TO WHOM THE TAX MUST BE PAID.

The tax should be paid, if possible, by sending or bringing with the return a check or money order drawn to the order of "Collector of Internal Revenue at (insert name of city and State)."

Do not send cash through the mail, or pay it in person, except at the office of the collector.

The tax may be paid in four equal installments as follows: The first installment shall be paid at the time fixed by law for filing the return, the second installment shall be paid on the 15th day of the third month, the third installment on the 15th day of the sixth month, and the fourth installment on the 15th day of the ninth month after the time fixed by law for filing the return.

The total tax may be paid at the time of filing the return, or if paid in installments as provided above, the balance due at any time may be paid in full on or before the date when the next installment is due. One installment must be paid and the balance may be paid in installments, or in full, on or prior to any subsequent installment date referred to above. Failure to pay any installment on or before the date fixed by law makes the taxpayer liable for the payment of the balance of tax upon notice and demand by the collector.

26. PENALTIES.

For Making False or Fraudulent Return.

Not exceeding \$10,000 or not exceeding one year's imprisonment, or both, in the discretion of the court, and, in addition, 50 per cent of the tax evaded.

For Failing to Make Return on Time.

Not more than \$1,000, and, in addition, 25 per cent of the total tax.

For Failing to Pay Tax When Due, or Understatement of Tax Through Negligence, etc.

Five per cent of the tax due but unpaid, plus interest at the rate of 1 per cent per month during the period in which it remains unpaid.

27. INFORMATION AT SOURCE.

Every individual making payments of salaries, wages, interest, rents, commissions, or other fixed or determinable income of \$1,000 or more during the calendar year, to any individual or partnership, is required to make a true and accurate return to the Commissioner of Internal Revenue, showing the amount of such payments and the name and address of the recipient. Forms 1036 and 1099, for reporting such information, will be furnished by any collector of internal revenue. Such returns of information covering the calendar year 1922 must be forwarded to the Commissioner of Internal Revenue, Sorting Section, Washington, D. C., in time to be received not later than March 15, 1923.

INDIVIDUAL INCOME TAX RETURN

FOR NET INCOMES OF MORE THAN \$5,000

OR NET INCOMES, REGARDLESS OF AMOUNT, IF DERIVED FROM A PROFESSION OR BUSINESS, INCLUDING FARMING

For Calendar Year 1923

Or for period begun _____, 1922, and ended _____, 1923

DUPLICATE

DUPLICATE

DETACH AND RETAIN
THIS COPY AND
THE INSTRUCTIONS

File Your Return Not Later Than the 15th Day of the Third Month Following the Close of the Taxable Period
(PRINT NAME AND ADDRESS PLAINLY BELOW)

J. R. Gost
(Name)

(Street and number, or rural route)

Edmonds Inghamish Wash.
(Post office) (County) (State)

IF YOU NEED
ASSISTANCE GO TO A
DEPUTY COLLECTOR
OR TO THE
COLLECTOR'S OFFICE

OCCUPATION, PROFESSION, OR KIND OF BUSINESS

1. Are you a citizen or resident of the United States? Yes 2. If you filed a return for 1922, to what Collector's office was it sent? Sacoma, Wash. 3. Is this a joint return of husband and wife? yes
4. If not, is a separate return being filed by your husband or wife? Yes If so, state: (a) Name and address entered at head of that return same (b) Exemption claimed, \$ 4,000.00
5. Were you married and living with husband or wife on the last day of your taxable period? Yes 6. If not, were you on the last day of your taxable period supporting one or more persons living in your household who are closely related to you by blood, marriage, or adoption? 5
7. How many dependent persons (other than husband or wife) under 18 years of age or incapable of self-support because mentally or physically defective were receiving their chief support from you on the last day of your taxable period? 5

Item and Instruction No.	INCOME	Amount received.	Expenses paid. (Explain in Schedule G.)		
1. Salaries, Wages, Commissions, etc. (State name and address of person from whom received.)	<u>Gost Auto Co., Edmonds, Wa.,</u>	\$		\$	<u>2400.00</u>
2. Income from Business or Profession. (From Schedule A)	<u>Y. A. Co. 19.20 + 155.00</u>				<u>17420</u>
3. Interest on Bank Deposits, Notes, Mortgages, and Corporation Bonds.					
4. Income from Partnerships, Fiduciaries, etc. (State name and address of partnership, etc.)					
5. Rents and Royalties. (From Schedule B)					
6. Profit from Sale of Real Estate, Stocks, Bonds, etc. (From Schedule C)					
7. Dividends on Stock of Domestic Corporations	<u>Amy. Est 942.00 Y. A. Co. 359654</u>				<u>4538.54</u>
8. Taxable Interest on Liberty Bonds, etc. (From Schedule E)					
9. Other Income (including dividends received on stock of foreign corporations). (State nature of income.)	(a) _____ (b) _____ (c) _____				
10. TOTAL INCOME IN ITEMS 1 TO 9				\$	<u>7112.74</u>

DEDUCTIONS

11. Interest Paid		\$	<u>45.00</u>
12. Taxes Paid			<u>48.72</u>
13. Losses by Fire, Storm, etc. (Explain in Schedule F)			
14. Bad Debts. (Explain in Schedule G)			
15. Contributions. (Explain in Schedule G)			<u>15.00</u>
16. Other Deductions Authorized by Law. (Explain in Schedule G)			
17. TOTAL DEDUCTIONS IN ITEMS 11 TO 16		\$	<u>63.72</u>
18. NET INCOME (Item 10 minus Item 17)		\$	<u>7049.02</u>

COMPUTATION OF TAX

19. Net Income (Item 18 above)	\$	<u>7049.02</u>	27. Normal Tax (4% of Item 25)	\$	<u>none</u>
20. Less: Dividends (Item 7 above)	\$	<u>4538.54</u>	28. Normal Tax (8% of Item 26)	\$	<u>none</u>
21. Taxable Interest on Liberty Bonds, etc. (Item 8 above)			29. Surtax on Item 19 (see Instruction 29)		<u>10.49</u>
22. Personal Exemption and Credit for Dependents (see Instruction 23)		<u>4000.00</u>	30. Tax on Capital Net Gain (12½% of column 9, Schedule D) (see Instruction 6)		<u>none</u>
23. TOTAL OF ITEMS 20, 21, AND 22		<u>8538.54</u>	31. Total Tax	\$	<u>10.49</u>
24. Balance (Item 19 minus Item 23)	\$	<u>none</u>	32. Less: Income Tax paid at source	\$	<u>none</u>
25. Amount taxable at 4% (not over \$4,000)		<u>none</u>	33. Income and profits taxes paid to foreign countries or possessions of the U. S. (attach Form 1116)		
26. Balance taxable at 8% (Item 24 minus Item 25)	\$	<u>none</u>	34. Balance of Tax (Item 31 minus Items 32 and 33)	\$	<u>10.49</u>

SCHEDULE A.—INCOME FROM BUSINESS OR PROFESSION. (See Instruction 2.)

1. Total income from business or profession.....		\$
COST OF GOODS SOLD:		
2. Labor.....	\$	OTHER BUSINESS DEDUCTIONS: 10. Salaries and wages not reported as "Labor" on line 2 (see Instruction 1)..... 11. Rent on business property in which taxpayer has no equity..... 12. Interest on business indebtedness to others..... 13. Taxes on business and business property..... 14. Repairs, wear and tear, obsolescence, depletion, and property losses (explain below)..... 15. Bad debts arising from sales or professional services..... 16. Other expenses (list principal items and amounts below or on separate sheet)..... 17. TOTAL (Lines 10 to 16, inclusive).....\$
3. Material and supplies.....		
4. Merchandise bought for sale.....		
5. Other costs (list principal items and amounts below or on separate sheet).....		
6. Plus inventory at beginning of year.....		
7. TOTAL (Lines 2 to 6, inclusive).....	\$	
8. Less inventory at end of year.....		
9. NET COST OF GOODS SOLD (Line 7 minus Line 8).....	\$	
State amount of salary to self included in Item 10.....		\$
Explanation of deductions claimed on Lines 5, 14, and 16.....		
18. TOTAL DEDUCTIONS (Line 9 plus Line 17).....		\$
19. NET INCOME (Line 1 minus Line 18) (Enter as Item 2).....		\$

SCHEDULE B.—INCOME FROM RENTS AND ROYALTIES. (See Instruction 5.)

1. KIND OF PROPERTY.	2. AMOUNT RECEIVED.	3. COST, OR VALUE MARCH 1, 1913.	4. DEPRECIATION AND DEPLETION.	5. REPAIRS.	6. OTHER EXPENSES.	7. NET INCOME (Enter as Item 5).
	\$	\$	\$	\$	\$	\$

State estimated life of property, and depreciation previously taken.....

SCHEDULE C.—PROFIT FROM SALE OF REAL ESTATE, STOCKS, BONDS, ETC. (See Instruction 6.)

1. KIND OF PROPERTY.	2. DATE ACQUIRED.	3. AMOUNT RECEIVED.	4. DEPRECIATION.	5. COST.	6. VALUE MARCH 1, 1913.	7. SUBSEQUENT IMPROVEMENTS.	8. NET PROFIT (Enter as Item 6).
		\$	\$	\$	\$	\$	\$

If not acquired by purchase, state how acquired.....

SCHEDULE D.—CAPITAL NET GAIN FROM SALE OF ASSETS HELD FOR MORE THAN TWO YEARS. (Optional, see Instruction 6.)

1. KIND OF PROPERTY.	2. DATE ACQUIRED.	3. DATE SOLD.	4. AMOUNT RECEIVED.	5. DEPRECIATION.	6. COST.	7. VALUE MARCH 1, 1913.	8. SUBSEQUENT IMPROVEMENTS, AND CAPITAL DEDUCTIONS.	9. NET GAIN (Enter Tax of 12½% as Item 30)
			\$	\$	\$	\$	\$	\$

If not acquired by purchase, state how acquired.....

SCHEDULE E.—TAXABLE INTEREST ON LIBERTY BONDS, ETC. (See Instruction 8.)

1. OBLIGATIONS OF THE UNITED STATES ISSUED SINCE SEPTEMBER 1, 1917. (INTEREST ON OBLIGATIONS IN EXCESS OF EXEMPTIONS IS ONLY SUBJECT TO SURTAX.)	2. EXEMPTIONS APPLICABLE FROM BEGINNING OF TAXABLE PERIOD TO JULY 2, 1923.	3. AMOUNT OWNED TO JULY 2, 1923, IN EXCESS OF EXEMPTIONS SPECIFIED IN COLUMN 2.	4. INTEREST TO JULY 2, 1923, ON AMOUNT OWNED IN EXCESS OF EXEMPTIONS.	5. EXEMPTIONS APPLICABLE FROM JULY 3, 1923, TO END OF TAXABLE PERIOD.	6. AMOUNT OWNED FROM JULY 3, 1923, IN EXCESS OF EXEMPTIONS SPECIFIED IN COLUMN 5.	7. INTEREST FROM JULY 3, 1923, ON AMOUNT OWNED IN EXCESS OF EXEMPTIONS.
(a) First Liberty Loan Second Converted 4½% Bonds.....	\$30,000	\$	\$	x x x x x x x	x x x x x x x	x x x x x x x
(b) Liberty 4% and 4½% Bonds, Treasury 4½% Bonds, Treasury Certificates, and Treasury (War) Savings Certificates.....	5,000			\$5,000	\$	\$
(c) Liberty 4% and 4½% Bonds.....	125,000			50,000		
(d) Victory 4½% Notes, and Treasury Notes.....	NONE			NONE		
(e) TOTAL TAXABLE INTEREST (If you bought or sold during year, attach statement showing holdings by periods).....			\$		(Enter total of columns 4 and 7 as Item 8)	\$

SCHEDULE F.—EXPLANATION OF LOSSES BY FIRE, STORM, ETC. (See Instruction 13.)

1. KIND OF PROPERTY.	2. DATE ACQUIRED.	3. COST, OR VALUE MARCH 1, 1913.	4. SUBSEQUENT IMPROVEMENTS.	5. DEPRECIATION.	6. INSURANCE.	7. SALVAGE VALUE.	8. NET LOSS. (Enter as Item 13.)
		\$	\$	\$	\$	\$	\$

SCHEDULE G.—EXPLANATION OF DEDUCTIONS CLAIMED IN ITEMS 1, 14, 15, AND 16.

Donations to Church & Red Cross

TAXPAYER'S RECORD OF PAYMENTS.

PAYMENT.	AMOUNT.	DATE.	CHECK OR M. O. No.	BANK OR OFFICE OF ISSUE.
First				
Second				
Third				
Fourth				

INSTRUCTIONS

The Instruction Numbers on this Page Correspond with the Item Numbers on the First Page of the Return

1. INCOME FROM SALARIES, WAGES, COMMISSIONS, ETC.

Enter as Item 1 on page 1 of the return, all salaries or other compensation credited by or received from outside sources, and any salaries included as a deduction in Line 10, Schedule A, for (a) yourself, (b) your husband or wife, if a joint return is filed, and (c) each dependent minor child having a net income of less than \$1,000 per annum. Use a separate line for each entry, giving the information requested.

Any amount claimed as a deduction for necessary expenses against salaries, etc., such as traveling expenses, while away from home in the pursuit of a trade or business, should be fully explained in Schedule G, page 2 of the return, or on an attached statement. Traveling expenses ordinarily include expenditures for railroad fares, meals, and lodging.

2. INCOME FROM BUSINESS OR PROFESSION.

If you owned a business, or practiced a profession on your own account, fill in Schedule A on page 2 of the return, and enter the net income (or loss) as Item 2 on page 1, of the return.

This schedule should include income derived from the following sources: (a) Sale of merchandise, or products of manufacturing, mining, construction, and agriculture; (b) Business service, such as amusements, hotel and restaurant service, livery and garage service, laundering, storage, transportation, etc.; and (c) Professional service, such as dentistry, law, or medicine.

In general, report any income in the earning of which you incurred expenses for material, labor, supplies, etc.

Farmer's income schedule.—If you are a farmer or rent your farm out on shares and keep no books of account, or keep books on a cash basis, obtain from the Collector, and attach to this return, Form 1040 F, Schedule of Farm Income and Expenses. Report the net farm income as Item 2, page 1 of the return. If your farm books of account are kept on an accrual basis, the filing of Form 1040 F is optional. Income from salaries, interest, rents, sales of property, etc., should be entered in Items 1 to 6 of the return.

Installment sales.—If you have used the installment method in computing income from installment sales, you must attach to your return a schedule showing separately for the years 1920, 1921, and 1922 the following information: (a) Gross sales; (b) Cost of goods sold; (c) Gross profits; (d) Percentage of profits to gross sales; (e) Amount collected; (f) Gross profit on amount collected.

Kind of business.—Describe the business or profession, in the space provided at the top of page 1, as "grocery," "retail clothing," "drug store," "laundry," "doctor," "lawyer," "farmer," etc.

Total income from business or profession.—Enter on Line 1 of Schedule A the total income from sales or services, less any discounts or allowances from the sale price or service charge.

Inventories.—If engaged in a trade or business in which the production, purchase, or sale of merchandise is an income-producing factor, secure from the Collector of Internal Revenue and file as a part of this return a *Certificate of Inventory, Form 1126*.

Salaries.—Enter on Line 10 all salaries and wages not included as "Labor" on Line 2 under "Cost of Goods Sold." Any salary or wages deducted for your own services or the services of your dependent minor children must be entered as income in Item 1 of your return.

Rent.—Enter on Line 11 rent on business property in which you have no equity. Do not include rent for dwelling you occupy for residential purposes.

Interest.—Enter on Line 12 interest on business indebtedness to others. Do not include interest to yourself on capital invested in or advanced to the business.

Taxes.—Enter on Line 13 taxes on business property or for carrying on business. Do not include taxes assessed against local benefits of a kind tending to increase the value of the property assessed, as for paving, sewers, etc., nor Federal income taxes.

Repairs, wear and tear, obsolescence, depletion, and property losses.—Enter on Line 14, (a) ordinary repairs required to keep property in usable condition, (b) reasonable allowance for exhaustion, wear and tear of property used in the trade or business, including a reasonable allowance for obsolescence, and (c) losses of business property by fire, storm, or other casualty, or theft, not compensated for by insurance or otherwise and not made good by repairs claimed as deductions. Explain these deductions in space under Schedule A.

The amount claimed on account of depreciation, by reason of exhaustion, wear and tear, and obsolescence, should not exceed the original cost (not replacement cost) of the property, or if acquired prior to March 1, 1913, the fair market value on that date, divided by the probable number of years remaining of its useful life. If obsolescence is claimed, state why useful life is less than actual life.

In case a deduction is claimed on account of depreciation in the value of patents, copyrights, franchises, and other legal privileges, or on account of depletion of mines, oil or gas wells, and timber, see Articles 161 to 171 and 201 to 237 of Regulations 62.

Do not claim any deduction for depreciation in the value of a building occupied by you as a dwelling, or of other property held for personal use, nor for land (exclusive of improvements thereon), nor on stocks, bonds, and like securities.

Bad debts.—Enter on Line 15 debts, or portions thereof, arising from sales or professional services that have been reflected in income, which have been definitely ascertained to be worthless and have been charged off within the year, or such reasonable amount as has been added to a reserve for bad debts within the year.

A debt previously charged off as bad, if subsequently collected, must be returned as income for the year in which collected.

Other expenses.—Enter on Line 16, all ordinary and necessary business expenses, not classified above, such as fire insurance, heat, light, and traveling expenses. (See Instruction 1.) Do not include cost of business equipment or furniture, expenditures for replacements, or for permanent improvements to property, nor personal living and family expenses.

Deficit.—If the amount to be entered on Line 19 shows a deficit, indicate by using red ink or a minus sign.

3. INTEREST ON BANK DEPOSITS, ETC.

Enter as Item 3 all interest received or credited to your account during the taxable period on bank deposits, notes, mortgages, and corporation bonds. Interest on bonds is considered income when due and payable.

If you claim a credit on account of income tax paid at the source on corporation bonds, such credit should be 2 per cent of the amount of interest received on the bonds, in connection with which you filed a white ownership certificate (Form 1000), and should be entered as Item 32 on page 1 of the return.

4. INCOME FROM PARTNERSHIPS, FIDUCIARIES, ETC.

Enter as Item 4 your share (whether received or not) in the profits of a partnership, or in the income of an estate or trust, except, (a) if it is desired that the tax on the share of net gain derived from the sale of capital assets, be computed as provided in Instruction 6, such net gain shall be entered separately in Schedule D, and (b) that the share of the profit which consisted of dividends on stock of domestic corporations, and the taxable interest on obligations of the United States, shall be entered in Items 7 and 8, respectively, on page 1 of the return.

Enter in Item 1, salary received from a partnership or corporation.

If the taxable period on the basis of which you file your return fails to coincide with the annual accounting period of the partnership or fiduciary, then you should include in your return your distributive share of the total net income for such accounting period, ending within your taxable period.

5. INCOME FROM RENTS AND ROYALTIES.

Explain in Schedule B, depreciation, depletion, repairs, and other expenses.

If you received property or crops in lieu of cash rent, report the income as though the rent had been received in cash. Crops received as rent on a crop-share basis should be reported as income for the year in which disposed of (unless your return shows income accrued). State the original cost of the property, or if it was acquired prior to March 1, 1913, the fair market value on that date.

Enter as depreciation the amount of wear and tear and obsolescence, or depletion, sustained during the taxable period 1923.

Other expenses include interest, taxes, fire insurance, fuel, light, labor, and other necessary expenses of this character.

6. PROFIT FROM SALE OF REAL ESTATE, BONDS, ETC.

Describe the property briefly in Schedule C, as "farm," "house," "bonds."

State the actual consideration or price received, or the fair market value of the property received in exchange. Expenses connected with the sale, such as commissions paid agents, may be deducted in computing the amount received.

Enter the original cost of the property, and if it was acquired prior to March 1, 1913, the fair market value on that date. Attach statement explaining how value at March 1, 1913, was determined. In computing the taxable gain or deductible loss on property acquired prior to March 1, 1913, see Article 1561 of Regulations 62. Expenses incidental to the purchase may be included in the cost if never deducted from income. If the property was acquired by gift, bequest, devise, or inheritance after March 1, 1913, or in any manner prior to that date, see Section 202 of the Revenue Act of 1921.

Enter as depreciation the amount of wear and tear and obsolescence, or depletion, sustained and allowable as a deduction since March 1, 1913, or since date of acquisition, if subsequent to March 1, 1913. In the case of sales of stocks and bonds, no deductions should be taken in columns 4 and 7 for "Depreciation" and "Subsequent improvements."

Subsequent improvements include expenditures for additions, improvements, and repairs made to restore the property or prolong its useful life. Do not deduct ordinary repairs, interest, or taxes in computing profit or loss.

If the net result to be entered in Item 6 is a deductible loss, indicate the deficit by using red ink or a minus sign.

Capital net gain.—If desired, the net gain derived from the sale or exchange of capital assets acquired and held by you for profit or investment for more than two years may be computed separately in Schedule D, instead of Schedule C, and a tax of 12½ per cent paid on the income from this source in lieu of the regular normal tax and surtax, provided that the total tax (Item 31) shall not be less than 12½ per cent of the total net income (Item 18 plus column 9, Schedule D). This includes property of any kind, whether or not connected with the trade or business, except property held for personal use or consumption by yourself or family. The term "capital net gain" means the excess of the total amount of capital gain over the sum of the capital deductions and capital losses.

Fill in Schedule D in accordance with Instructions above for Schedule C, if the tax is computed under this provision. The net gain computed in Schedule D should not be included in Item 6, as the tax of 12½ per cent upon such gain will be entered separately as Item 30. (See Section 206 of the Revenue Act of 1921, and Articles 1651 to 1653 of Regulations 62.)

7. DIVIDENDS.

Report as Item 7 the amount received as dividends (a) from a domestic corporation other than a corporation entitled to the benefits of Section 262 of the Revenue Act of 1921 and other than a corporation organized under the China Trade Act of 1922, or (b) from a foreign corporation when it is shown to the satisfaction of the Commissioner that more than 50 per cent of the gross income of such foreign corporation for the three-year period ending with the close of its taxable year preceding the declaration of such dividends (or for such part of such period as the corporation has been in existence) was derived from sources within the United States, including your share of such dividends received on stock owned by a partnership, or an estate or trust.

8. TAXABLE INTEREST ON LIBERTY BONDS, ETC.

The interest on Liberty Bonds and other obligations of the United States issued since September 1, 1917 (except Victory Liberty Loan 3½% Notes, and postal savings certificates of deposit), is subject to surtax to the extent that the holdings exceed the exemptions provided by the act authorizing the issue thereof and subsequent acts.

The exemptions specified in column 2, Schedule E, are effective until July 2, 1923; after that date the exemptions are reduced to the amounts listed in column 5. These exemptions apply only to the obligations named on the corresponding lines.

Enter on the proper lines in column 3 the principal amounts of the various obligations owned in excess of the exemptions in column 2, from the beginning of your taxable period until July 2, 1923, which should include your share of these obligations owned by a partnership or an estate or trust, and extend in column 4 the interest thereon for the corresponding period; also enter in a similar manner in column 6 the amounts of obligations owned in excess of the exemptions in column 5, from July 3, 1923, to the close of your taxable period, and extend in column 7 the interest thereon for the same period.

To determine the interest on any class of obligations received during the taxable period, where the books are kept on a cash receipts and disbursements basis, add to the amount of all coupons and registered bond interest falling due within the taxable period the amount of accrued interest received on sales of obligations between interest payment dates, and deduct from this sum the accrued interest paid on purchases of obligations between interest payment dates. This method will be followed where books are kept on a cash basis, whether or not the coupons falling due within the taxable period are actually cashed. If the books are kept on the accrual basis, report the actual amount of interest accrued on the obligations owned during the taxable period.

9. OTHER INCOME.

Enter all other taxable income for which no place is provided elsewhere on page 1 of the return, together with any dividends specifically excluded from Item 7.

10. TOTAL INCOME.

Enter the net amount of Items 1 to 9, inclusive, after deducting any expenses reported in Item 1, and losses in Items 2, 4, 5, and 6.

11. INTEREST PAID.

Enter as Item 11 interest paid on personal indebtedness as distinguished from business indebtedness (which should be deducted under Schedules A or B). Do not include interest on indebtedness incurred or continued for the purchase of bonds and other obligations, the interest on which is wholly exempt from tax, except interest on indebtedness incurred to purchase or carry Victory Liberty Loan 3½% Notes, which were originally subscribed for by you.

12. TAXES PAID.

Enter as Item 12 personal taxes and all taxes on property not used in business or profession, paid during the year, not including those assessed against local benefits of a kind tending to increase the value of the property. Do not include Federal income taxes, taxes imposed upon your interest as shareholder or member of a corporation, which are paid by the corporation without reimbursement from you, nor income and profits taxes claimed as a credit in Item 33, page 1 of the return.

13. LOSSES BY FIRE, STORM, ETC.

Enter as Item 13 losses of property not connected with your trade, business, or profession, sustained during the year from fire, storm, shipwreck, or other casualty, or from theft, which were not compensated for by insurance or otherwise. (See Section 214 (a) 6 of the Revenue Act of 1921 and Article 141 of Regulations 62.)

Explain losses claimed in Schedule F. State original cost of property, or if acquired prior to March 1, 1913, its fair market value on that date.

14. BAD DEBTS.

Enter as Item 14 all bad debts other than those claimed as a deduction in items above. State in Schedule G, (a) of what the debts consisted, (b) when they were created, (c) when they became due, and (d) how they were actually determined to be worthless.

15. CONTRIBUTIONS.

Enter as Item 15 contributions or gifts made within the taxable period to or for the use of: (a) the United States, any State, Territory, or any political subdivision thereof, or the District of Columbia, for exclusively public purposes; (b) any corporation, or community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, including posts of the American Legion or the Women's Auxiliary units thereof, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual; or (c) the special fund for vocational rehabilitation authorized by Section 7 of the Vocational Rehabilitation Act; to an amount which in all the above cases combined does not exceed 15 per cent of your net income as computed without the benefit of this paragraph.

Fiduciaries filing this return for estates in the process of administration are allowed, in lieu of this deduction, that provided in Section 219 (b) of the Revenue Act of 1921.

List names of organizations and amounts contributed to each in Schedule G.

16. OTHER AUTHORIZED DEDUCTIONS.

Enter any other authorized deductions for which no place is provided elsewhere on page 1 of the return. Do not deduct losses incurred in transactions which were neither connected with your trade or business, nor entered into for profit.

If this return is filed for an estate in the process of administration, there may be deducted the amount of any income properly paid or credited to beneficiaries. Any deduction claimed should be explained in Schedule G.

17. TOTAL DEDUCTIONS.

Enter as Item 17 the total of Items 11 to 16, inclusive. This amount should not include any deduction claimed in Schedule A.

18. NET INCOME.

Enter as Item 18 the net income, which is obtained by deducting Item 17 from Item 10.

19. PERSONS REQUIRED TO MAKE A RETURN OF INCOME.

An income tax return must be filed by every citizen of the United States whether residing at home or abroad, and every person residing in the United States, though not a citizen thereof, whose gross income for the taxable period 1923 amounted to \$5,000, or whose net income amounted to—

- \$1,000 if single or if married and not living with husband or wife.
- \$2,000 if married and living with husband or wife.

If the combined net income of husband, wife, and dependent minor children equalled or exceeded \$2,000, or if the combined gross income of husband, wife, and dependent minor children equalled or exceeded \$5,000 all such income must be reported on a joint return, or on separate returns of husband and wife. If single and the net income, including that of dependent minors, if any, equalled or exceeded \$1,000, or if the gross income equalled or exceeded \$5,000, a return must be filed. A minor, however, having a net income of \$1,000 or \$2,000, according to the marital status, or a gross income of \$5,000 must file a return.

Under each of the above conditions, a return must be filed even though no tax is due. Note especially Instruction 23, "Personal Exemption and Credit for Dependents."

In the case of husband and wife whose combined net income exceeds \$5,000, Form 1040 (not Form 1040 A) should be used for separate returns, even though the income on one or both returns is less than \$5,000.

The income of a minor or incompetent, if derived from a separate estate under control of a guardian, trustee, or other fiduciary, must be reported by such legal representative.

Income of (a) estates of decedents before final settlement, (b) trusts, whether created by will or deed, for unascertained persons or persons with contingent interests; or income held, or which under the terms of the will or trust may be held, for future distribution, is taxed to the fiduciary as a single person, except that from the income of a decedent's estate there may first be deducted an amount properly paid or credited to a beneficiary.

If the net income of a decedent from the beginning of the taxable period to the date of his death was at the rate of \$1,000, if unmarried, or \$2,000, if married and living with husband or wife, or if the gross income was at the rate of \$5,000 or over, the executor or administrator shall file a return on Form 1040 or 1040 A for such decedent.

20. PERIOD TO BE COVERED BY RETURN.

Your return must be filed for the calendar year ending December 31, 1923, or for the fiscal year ending on the last day of any month other than December. The dates on which the period covered by the return begins and ends, if other than a calendar year, must be plainly stated at the head of the return.

The accounting period established must be adhered to for subsequent years, unless permission was received from the Commissioner to make a change. In the case of a return for a period of less than one year, the net income shall be placed on an annual basis by multiplying the amount thereof by twelve and dividing by the number of months included in such period; and the tax shall be such part of a tax computed on such annual basis as the number of months in such period is of twelve months.

21. ACCRUED OR RECEIVED INCOME.

If your books of account are kept on an accrual basis, report all income accrued, even though it has not been actually received or entered on the books, and expenses incurred instead of expenses paid.

If your books do not show income accrued and expenses incurred, report all income received or constructively received, such as bank interest credited to your account, and expenses paid.

22. ITEMS EXEMPT FROM TAX.

The following items are exempt from Federal income tax and should not be reported, unless it is desired to establish a net loss, in which case see Section 204 of the Revenue Act of 1921:

- The proceeds of life insurance policies paid upon the death of the insured;
- The amount received by the insured as a return of premium or premiums paid by him under life insurance, endowment, or annuity contracts, either during the term or at the maturity of the term mentioned in the contract or upon surrender of the contract;
- Gifts (not made as a consideration for service rendered), and money and property acquired under a will or by inheritance (but the income derived from money or property received by gift, will, or inheritance is taxable and must be reported);
- Interest upon (1) the obligations of a State, Territory, or any political subdivision thereof, or the District of Columbia; or (2) securities issued under the provisions of the Federal Farm Loan Act of July 17, 1916, and as amended; or (3) the obligations of the United States or its possessions. In the case of obligations of the United States issued after September 1, 1917 (other than postal savings certificates of deposit), the interest is exempt only if and to the extent provided in the respective acts authorizing the issue thereof, as amended and supplemented by Section 1328 of the Revenue Act of 1921, and should be excluded from gross income only if and to the extent it is wholly exempt to the taxpayer from income tax (see Instruction 8);
- Amounts received through accident or health insurance or under workmen's compensation acts, as compensation for personal injuries or sickness, plus the amount of any damages received, whether by suit or agreement, on account of such injuries or sickness;
- Amounts received as compensation, family allotments and allowances under the provisions of the War Risk Insurance and the Vocational Rehabilitation Acts, or as pensions from the United States for service of the beneficiary or another in the military or naval forces of the United States in time of war;
- Amounts received by an individual during the taxable period as dividends or interest, not exceeding \$300, from domestic building and loan associations, operated exclusively for the purpose of making loans to members;
- The rental value of a dwelling house and appurtenances thereof furnished to a minister of the gospel as part of his compensation;
- Compensation paid by a State or political subdivision thereof to its officers or employees.

23. PERSONAL EXEMPTION AND CREDIT FOR DEPENDENTS.

If you were married and living with your husband or wife or were head of a family on the last day of your taxable period, you may subtract from your net income on Form 1040, before calculating your normal tax, an exemption of \$2,500, unless the net income is in excess of \$5,000, in which case the exemption shall be \$2,000, plus \$400 for each person (other than husband or wife) under 18 years of age, or incapable of self-support because mentally or physically defective, who was receiving his chief support from you on that date; but in no case shall the tax, computed with an exemption of \$2,000, exceed the tax, which would be payable if the exemption were \$2,500, by more than the amount of the net income in excess of \$5,000. If husband and wife make separate returns, the personal exemption may be claimed by either or divided between them, but the credit of \$400 for each dependent may be claimed only by the person furnishing the chief support.

If you were not married or did not live with husband or wife and were not head of a family on the last day of your taxable period, you are entitled to a personal exemption of \$1,000 plus \$400 for each dependent person under 18 years of age, or incapable of self-support because mentally or physically defective, who was receiving his chief support from you on that date.

An exemption of \$1,000 may be claimed in cases where Form 1040 is filed for estates in process of administration, or with respect to income held for future distribution.

If by reason of a change in your accounting period a return is filed for part of a year, the personal exemption and credit for dependents may be claimed in accordance with your status on the last day of such taxable period. (See also Instruction 20 on this page.)

A "head of family" is a person who actually supports one or more persons living in his (or her) household, who are closely related to him (or her) by blood, marriage, or adoption.

24. AFFIDAVIT.

The affidavit must be executed by the person whose income is reported unless he is a minor or incompetent, or unless he is ill, absent from the country, or otherwise incapacitated, in which case the legal representative or agent may execute the affidavit. A minor, however, making his own return must execute the affidavit.

The oath will be administered without charge by any collector, deputy collector, or internal revenue agent, or (if you are in the military or naval service of the United States) by any military or naval officer who is authorized to administer oaths for purposes of military or naval justice and administration. If an internal revenue officer is not available, the return should be sworn to before a notary public, justice of the peace, or other person authorized to administer oaths.

25. WHEN AND WHERE THE RETURN MUST BE FILED.

If the return is for the calendar year 1923, file it with the Collector of Internal Revenue for the district in which you live or have your principal place of business, on or before March 15, 1924. If for a period other than the calendar year, the return should be filed on or before the 15th day of the third month following the close of such period.

If the address of the collector is not printed on the return and you do not know it, ask at the post office or bank.

In case you have no legal residence or place of business in the United States, the return should be forwarded to the Collector of Internal Revenue, Baltimore, Maryland.

26. WHEN AND TO WHOM THE TAX MUST BE PAID.

The tax should be paid, if possible, by sending or bringing with the return a check or money order drawn to the order of "Collector of Internal Revenue at (insert name of city and State)."

Do not send cash through the mail, nor pay it in person, except at the office of the Collector.

The tax may be paid in four equal installments, as follows: The first installment shall be paid at the time fixed by law for filing the return, the second installment shall be paid on the 15th day of the third month, the third installment on the 15th day of the sixth month, and the fourth installment on the 15th day of the ninth month, after the time fixed by law for filing the return.

The total tax may be paid at the time of filing the return, or if paid in installments as provided above, the balance due at any time may be paid in full on or before the date when the next installment is due. One installment must be paid and the balance may be paid in installments, or in full, on or prior to any subsequent installment date referred to above. Failure to pay any installment on or before the date fixed by law makes the taxpayer liable for the payment of the balance of tax upon notice and demand by the collector.

27. PENALTIES.

For Making Fraudulent Return.

Not exceeding \$10,000 or not exceeding one year's imprisonment, or both, in the discretion of the court, and, in addition, 50 per cent of the total tax evaded.

For Failure to Make Return on Time.

Not more than \$1,000, and, in addition, 25 per cent of the total amount of the tax.

For Failure to Pay Tax When Due, or Understatement of Tax Through Negligence, Etc.

Five per cent of the tax due but unpaid, plus interest at the rate of 1 per cent per month during the period in which it remains unpaid.

28. INFORMATION AT SOURCE.

Every individual making payments of salaries, wages, interest, rents, commissions, or other fixed or determinable income of \$1,000 or more during the calendar year, to any individual or partnership, is required to make a true and accurate return to the Commissioner of Internal Revenue, showing the amount of such payments and the name and address of the recipient. Forms 1096 and 1099, for reporting such information, will be furnished by any collector of internal revenue. Such returns of information covering the calendar year 1923 must be forwarded to the Commissioner of Internal Revenue, Sorting Section, Washington, D. C., in time to be received not later than March 15, 1924.

29. TABLES OF SURTAX AND INSTRUCTIONS FOR CALCULATION.

SURTAX RATES FOR TAXABLE YEAR 1923.					
Amount of Net Income.	Rate Per Cent.	Total Surtax on Each Amount.	Amount of Net Income.	Rate Per Cent.	Total Surtax on Each Amount.
A	B	C	A	B	C
\$6,000			\$60,000	27	\$7,460
10,000	1	\$40	62,000	28	8,020
12,000	2	80	64,000	29	8,600
14,000	3	140	66,000	30	9,200
16,000	4	220	68,000	31	9,820
18,000	5	320	70,000	32	10,460
20,000	6	440	72,000	33	11,120
22,000	8	600	74,000	34	11,800
24,000	9	780	76,000	35	12,500
26,000	10	980	78,000	36	13,220
28,000	11	1,200	80,000	37	13,960
30,000	12	1,440	82,000	38	14,720
32,000	13	1,700	84,000	39	15,500
36,000	15	2,300	86,000	40	16,300
38,000	16	2,620	88,000	41	17,120
40,000	17	2,960	90,000	42	17,960
42,000	18	3,320	92,000	43	18,820
44,000	19	3,700	94,000	44	19,700
46,000	20	4,100	96,000	45	20,600
48,000	21	4,520	98,000	46	21,520
50,000	22	4,960	100,000	47	22,460
52,000	23	5,420	150,000	48	46,460
54,000	24	5,900	200,000	49	70,960
56,000	25	6,400	200,000+	50	
58,000	26	6,920			

INSTRUCTIONS.

To compute the amount of surtax on any amount of net income in excess of \$6,000—

First: Find in column A the largest sum which is less than the total amount of the net income subject to surtax (Item 19, page 1 of the return).

Second: Find in column C the corresponding amount of total surtax.

Third: To the amount of surtax found as above add an amount computed as follows: Subtract from the net income the sum found in column A and multiply the remainder by the rate shown on the next line below in column B.

The sum of these two amounts is the total surtax due.

In the case of a bona fide sale of mines, oil, or gas wells, or any interest therein, the surtax on the profit shall not exceed 16 per cent of the selling price as provided by Section 211 (b) of the Revenue Act of 1921.

CALCULATION OF SURTAX.

1. ITEMS.	EXAMPLE FOR NET INCOME OF \$13,800.		COMPUTATION OF SURTAX ON ITEM 19, PAGE 1 OF THE RETURN.	
	2. Income.	3. Tax.	4. Net Income.	5. Surtax.
1. Largest amount in column A which is less than the net income upon which the tax is to be computed, and the surtax extended thereon as shown in column C	\$12,000.00	\$80.00	\$6,000.00	none
2. Balance of net income, and surtax extended thereon at rate shown in column B on the next amount in column A which follows the amount entered on line 1 above	1,800.00	54.00	1049.02	1049
3. TOTALS (Enter total of column 5, as Item 29, on page 1 of the return)	\$13,800.00	\$134.00	7049.02	1049

DUPLICATE

INDIVIDUAL INCOME TAX RETURN

FOR NET INCOMES OF MORE THAN \$5,000
OR NET INCOMES, REGARDLESS OF AMOUNT, IF DERIVED FROM A PROFESSION OR BUSINESS, INCLUDING FARMING

For Calendar Year 1925

File This Return With the Collector of Internal Revenue for Your District on or Before March 15, 1926

DETACH AND RETAIN
THIS COPY AND
THE INSTRUCTIONS

DUPLICATE

IF YOU NEED
ASSISTANCE, GO TO A
DEPUTY COLLECTOR
OR TO THE
COLLECTOR'S OFFICE

(PRINT NAME AND ADDRESS PLAINLY BELOW)

J. R. Post
(Name)
Edmonds, Inokomish, Wash
(Street and number, or rural route)
(Post office) (County) (State)

OCCUPATION, PROFESSION, OR KIND OF BUSINESS

1. Are you a citizen or resident of the United States? *Yes*
2. If you filed a return for 1924, to what Collector's office was it sent? *Bacone*
3. Is this a joint return of husband and wife? *Yes*
4. State name of husband or wife if a separate return was made and the Collector's office to which it was sent? *None*
5. Were you married and living with husband or wife on the last day of your taxable year? *Yes*
6. If not, were you on the last day of your taxable year supporting one or more persons living in your household who are closely related to you?
7. If your status in respect to questions 5 and 6 changed during the year, state date of such change
8. How many dependent persons (other than husband or wife) under 18 years of age or incapable of self-support because mentally or physically defective were receiving their chief support from you on the last day of your taxable year? *Four*

Item and Instruction No.	INCOME	Amount received	Expenses paid (Explain in Schedule F)
1. Salaries, Wages, Commissions, etc. (State name and address of person from whom received)	<i>Post Auto Co Edmonds, Wash</i>	\$	\$ 3000 00
2. Net Profit from Business or Profession. (From Schedule A)			
3. Interest on Bank Deposits, Corporation Bonds, etc. (except interest upon which an income tax of 2% was paid at source)			235 90 ?
(a) Interest on Tax-free Covenant Bonds Upon Which an Income Tax of 2% was Paid at Source			
4. Income from Partnerships, Fiduciaries, etc. (State name and address of partnership, etc.)			
5. Rents and Royalties. (From Schedule B)			
6. Profit from Sale of Real Estate, Stocks, Bonds, etc. (From Schedule C)			
7. Dividends on Stock of Domestic Corporations	<i>Est. H. S. O. G. 6549.06</i>		7019 06
8. Taxable Interest on Liberty Bonds, etc. (From Schedule E)			
9. Other Income (including dividends received on stock of foreign corporations). (State nature of income)			
(a)			
(b)			
(c)			
10. TOTAL INCOME IN ITEMS 1 TO 9			\$ 10,254 96

DEDUCTIONS			
11. Interest Paid		\$	
12. Taxes Paid. (Explain in Schedule F)	<i>Personal & Real Estate</i>		91 82
13. Losses by Fire, Storm, etc. (Explain in Table on page 2)			
14. Bad Debts. (Explain in Schedule F)			
15. Contributions. (Explain in Schedule F)			
16. Other Deductions Authorized by Law. (Explain below or on separate sheet)			
(a)			
(b)			
(c)			
17. TOTAL DEDUCTIONS IN ITEMS 11 TO 16			\$ 91 82
18. NET INCOME (Item 10 minus Item 17)			\$ 10,163 14

COMPUTATION OF TAX
(See Instruction 22)

19. Earned Net Income (not over \$10,000)	\$		30. Net Income (Item 18 above)	\$ 10,163 14	41. Normal Tax (2% of Item 37)	\$	
20. Less Personal Exemption and Credit for Dependents			31. Less Dividends (Item 7 above)	\$ 7019 06	42. Normal Tax (4% of Item 39)		
21. Balance (Item 19 minus 20)	\$		32. Interest on Liberty Bonds, etc. (Item 8)		43. Normal Tax (6% of Item 40)		
22. Amount taxable at 2% (not over the first \$4,000 of Item 21)	\$		33. Personal Exemption	3500 00	44. Surtax on Item 18 (see Instruction 22)		
23. Amount taxable at 4% (not over the second \$4,000 of Item 21)	\$		34. Credit for Dependents	1600 00	45. Adjustment for Capital Gain or Loss (12 1/2% of Column 9, Schedule D)		
24. Amount taxable at 6% (balance over \$8,000 of Item 21)	\$		35. Total of Items 31, 32, 33, and 34	12119 06	46. Total of Items 41 to 45	\$	
25. Normal Tax (2% of Item 22)	\$		36. Balance (Item 30 minus 35)	\$ none	47. Less Credit of 25% of Tax on Earned Net Income (Item 29)		
26. Normal Tax (4% of Item 23)	\$		37. Amount taxable at 2% (not over the first \$4,000 of Item 36)		48. Total Tax (Item 46 minus 47)	\$	
27. Normal Tax (6% of Item 24)	\$		38. Balance (Item 36 minus 37)	\$	49. Less Income Tax paid at source (2% of Item 3a)		
28. Normal Tax on Earned Net Income (total of Items 25, 26, and 27)	\$		39. Amount taxable at 4% (not over the second \$4,000 of Item 36)		50. Income and Profits Taxes paid to a foreign country or U. S. possession		
29. Credit of 25% of Item 28 (not to exceed 25% of Items 41, 42, and 43)	\$		40. Amount taxable at 6% (balance over \$8,000 of Item 36)		51. Balance of Tax (Item 48 minus Items 49 and 50)	\$	

An amended return must be marked "Amended" at top of return

Checks and drafts will be accepted only if payable at par

1. Total receipts from business or profession (state kind of business)_____				\$
COST OF GOODS SOLD		OTHER BUSINESS DEDUCTIONS		
2. Labor_____	\$	10. Salaries, exclusive of "Labor," reported on Line 2, and compensation for your own services_____	\$	
3. Material and supplies_____		11. Interest on business indebtedness to others_____		
4. Merchandise bought for sale_____		12. Taxes on business and business property_____		
5. Other costs (itemize below or on separate sheet)_____		13. Losses by fire, storm, etc. (explain in table provided therefor at foot of page)_____		
6. Plus inventory at beginning of year_____		14. Bad debts arising from sales_____		
7. TOTAL (Lines 2 to 6, inclusive)_____	\$	15. Depreciation, obsolescence, and depletion (explain in table provided therefor at foot of page)_____		
8. Less inventory at end of year_____		16. Rent, repairs, and other expenses (itemize below or on separate sheet)_____		
9. NET COST OF GOODS SOLD (Line 7 minus Line 8)_____	\$	17. TOTAL (Lines 10 to 16, inclusive)_____	\$	
		18. TOTAL DEDUCTIONS (Line 9 plus Line 17)_____	\$	
		19. NET PROFIT (Line 1 minus Line 18) (Enter as Item 2)_____	\$	

Explanation of deductions claimed on Lines 5 and 16.

[illegible]

Explanation of deductions
claimed in Column 7.....

[illegible]

State how property
was acquired_____

[illegible]

State how property
was acquired -----

1. OBLIGATIONS OR SECURITIES		2. INTEREST RECEIVED OR ACCRUED		3. AMOUNT OWNED		4. PRINCIPAL AMOUNT EXEMPT FROM TAXATION		5. AMOUNT OWNED IN EXCESS OF EXEMPTIONS		6. INTEREST ON AMOUNT IN EXCESS OF EXEMPTIONS (Enter as Item 8)	
(a) Obligations of a State, Territory, or political subdivision thereof, or the District of Columbia		\$		\$		All		x x x x x x	x x	x x x x x x	x x
(b) Securities issued under Federal Farm Loan Act, or under such Act as amended						All		x x x x x x	x x	x x x x x x	x x
(c) Liberty 3½% Bonds and other obligations of United States issued on or before September 1, 1917, and obligations of possessions of the United States						All		x x x x x x	x x	x x x x x x	x x
(d) Liberty 4% and 4¼% Bonds, Treasury 4% and 4¼% Bonds, Treasury Certificates of Indebtedness, and Treasury (War) Savings Certificates						\$5,000	\$			\$	
(e) Liberty 4% and 4¼% Bonds						\$50,000					
(f) Treasury Notes						None					

[illegible][illegible]

TAXPAYER'S RECORD OF PAYMENTS					
PAYMENT	AMOUNT		DATE	CHECK OR M. O. No.	BANK OR OFFICE OF ISSUE
First					
Second					
Third					
Fourth					

INSTRUCTIONS

The Instruction Numbers on this Page Correspond with the Item Numbers on the First Page of the Return

1. INCOME FROM SALARIES, WAGES, COMMISSIONS, ETC.

Enter as Item 1 on page 1 of the return, all salaries or other compensation credited by or received from outside sources. Use a separate line for each entry, giving the information requested.

Any amount claimed as deduction for necessary expenses against salaries, etc., such as traveling expenses, while away from home in the pursuit of a trade or business, should be fully explained in Schedule F, page 2 of the return, or on an attached statement. Traveling expenses ordinarily include expenditures for railroad fares, meals, and lodging.

2. INCOME FROM BUSINESS OR PROFESSION

If you owned a business, or practiced a profession on your own account, fill in Schedule A on page 2 of the return, and enter the net income (or loss) as Item 2 on page 1 of the return.

This schedule should include income derived from the following sources: (a) Sale of merchandise, or products of manufacturing, mining, construction, and agriculture; (b) Business service, such as amusements, hotel and restaurant service, livery and garage service, laundering, storage, transportation, etc.; and (c) Professional service, such as dentistry, law, or medicine. In general, report any income in the earning of which you incurred expenses for material, labor, supplies, etc.

Farmer's income schedule.—If you are a farmer or rent your farm out on shares and keep no books of account, or keep books on a cash basis, obtain from the Collector, and attach to this return, Form 1040 F, Schedule of Farm Income and Expenses, and enter the net farm income as Item 2, page 1 of this return. If your farm books of account are kept on an accrual basis, the filing of Form 1040 F is optional. Income from salaries, interest, rents, and sales of property, should be included in Items 1, 3, 5, and 6, respectively, on this return.

Installment sales.—If you have used the installment method in computing income from installment sales, you must attach to your return a schedule showing separately for the years 1922, 1923, 1924, and 1925 the following information: (a) Gross sales; (b) Cost of goods sold; (c) Gross profits; (d) Percentage of profits to gross sales; (e) Amount collected; and (f) Gross profit on amount collected.

Kind of business.—Describe the business or profession in the space provided at the top of page 1, as "grocery," "retail clothing," "drug store," "laundry," "doctor," "lawyer," "farmer," etc.

Total receipts from business or profession.—Enter on Line 1 of Schedule A the total receipts from sales or services, less any discounts or allowances from the sale price or service charge.

Inventories.—If engaged in a trade or business in which the production, purchase, or sale of merchandise is an income-producing factor, secure from the Collector of Internal Revenue and file as a part of this return a *Certificate of Inventory, Form 1128*.

Salaries.—Enter on Line 10 all salaries and wages not included as "Labor" on Line 2, except a salary for your own services or the services of your dependent minor children, or husband or wife if a joint return is filed.

Interest.—Enter on Line 11 interest on business indebtedness to others. Do not include interest to yourself on capital invested in or advanced to the business.

Taxes.—Enter on Line 12 taxes on business property or for carrying on business. Do not include taxes assessed against local benefits of a kind tending to increase the value of the property assessed, as for paving, sewers, etc., nor Federal income taxes.

Losses by fire, storm, etc.—Enter on Line 13 losses of business property arising from fire, storm, or other casualty, or theft, not compensated for by insurance or otherwise and not made good by repairs claimed as a deduction. Explain this deduction in the table provided therefor at the foot of page 2, giving the information requested.

Bad debts.—Enter on Line 14 debts, or portions thereof, arising from sales or services that have been reflected in income, which have been definitely ascertained to be worthless and have been charged off within the year, or such reasonable amount as has been added to a reserve for bad debts within the year.

A debt previously charged off as bad, if subsequently collected, must be returned as income for the year in which collected.

Depreciation, obsolescence, and depletion.—Enter on Line 15 the amount claimed as depreciation by reason of exhaustion, wear and tear of property used in the trade or business, or as obsolescence or depletion, and explain in the table at the foot of page 2 how this amount was determined by giving the information requested. If obsolescence is claimed, explain why useful life is less than actual life.

The amount of depreciation on property acquired by purchase should be determined upon the basis of the original cost (not replacement cost) of the property and the probable number of years remaining of its useful life, except if the property was purchased prior to March 1, 1913, it will be computed on the fair market value of such property as of that date or its original cost, whichever is greater. See Articles 161 to 171 of Regulations 65.

In case the property was acquired in any other manner than by purchase, or if a deduction is claimed on account of depletion of mines, oil or gas wells, or timber, see Articles 201 to 239 and 1591 to 1602 of Regulations 65.

Do not claim any deduction for depreciation in the value of a building occupied by you as a dwelling, or of other property held for personal use, nor for land (exclusive of improvements thereon), nor on stocks, bonds, and like securities.

Rent, repairs, and other expenses.—Enter on Line 16 rent on business property in which you have no equity, ordinary repairs to keep the property in a usable condition, and other necessary business expenses not classified above, such as heat, light, and fire insurance. Do not include rent for a dwelling occupied by you for residential purposes, the cost of business equipment or furniture, expenditures for replacements, or for permanent improvements to property, nor personal living and family expenses.

Deficit.—If the amount to be entered on Line 19 shows a deficit, such amount should be preceded by a minus sign or written with red ink.

3. INTEREST ON BANK DEPOSITS, ETC.

Enter as Item 3 all interest received or credited to your account during the taxable year on bank deposits, notes, mortgages, and corporation bonds, except interest on bonds upon which a tax was paid at the source. Interest on bonds is considered income when due and payable.

3a. INTEREST ON TAX-FREE COVENANT BONDS

Enter as Item 3a all interest received or credited to your account on corporation bonds containing a tax-free covenant, in connection with which you filed a white Ownership Certificate, Form 1000, not claiming exemption.

The tax of 2 per cent paid at the source by the debtor corporation on the amount of such interest should be entered as Item 49 on page 1 of the return.

4. INCOME FROM PARTNERSHIPS, FIDUCIARIES, ETC.

Enter as Item 4 income of an estate or trust, and your share (whether received or not) in the profits of a partnership, except (a) where the tax or reduction on account of the share of net gain or loss derived from the sale of capital assets is computed as provided in Instruction 6a, such net gain or loss shall be reported separately in Schedule D, and (b) the share of the profits which consisted of dividends on stock of domestic corporations, and the taxable interest on obligations of the United States, shall be included in Items 7 and 8, respectively, on page 1 of the return.

Enter in Item 1 your share of the earned income from a partnership. If the taxable year on the basis of which you file your return fails to coincide with the annual accounting period of the partnership or fiduciary, then you should include in your return your distributive share of the net profits for such accounting period, ending within your taxable year.

5. INCOME FROM RENTS AND ROYALTIES

Fill in Schedule B, giving the information requested.

If you received property or crops in lieu of cash rent, report the income as though the rent had been received in cash. Crops received as rent on a crop-share basis should be reported as income for the year in which disposed of (unless your return shows income accrued).

Enter as depreciation the amount of wear and tear, obsolescence, or depletion sustained during the taxable year 1925, and explain in table at foot of page 2.

Other expenses, such as interest, taxes, fire insurance, fuel, light, labor, and other necessary expenses of this character should be itemized.

6. PROFIT FROM SALE OF REAL ESTATE, BONDS, ETC.

Describe the property briefly in Schedule C, and state the actual price received, or the fair market value of the property received in exchange. Expenses connected with the sale may be deducted in computing income.

Enter the original cost of the property, and if it was acquired prior to March 1, 1913, the fair market value as of that date. Attach statement explaining how

value as of March 1, 1913, was determined. If the property was acquired in any other manner than by purchase, see Articles 1591 to 1602 of Regulations 65.

Enter as depreciation the amount of wear and tear, obsolescence, amortization, or depletion previously allowed with respect to such property since date of acquisition, or since March 1, 1913, if the property was acquired before that date.

Subsequent improvements include expenditures for additions, improvements, and repairs made to restore the property or prolong its useful life. Do not deduct ordinary repairs, interest, or taxes in computing gain or loss.

In the case of sales of stocks and bonds, deductions should not be taken in Columns 4 and 7 for "Depreciation" and "Subsequent improvements." No loss shall be recognized in any sale or other disposition of shares of stock or securities where you have acquired substantially identical property within 30 days before or after the date of such sale, unless you are a dealer in stock or securities.

In case the amount to be entered in Column 8 is a deductible loss, such amount should be preceded by a minus sign or written with red ink.

6a. CAPITAL NET GAIN OR LOSS

If desired, the capital net gain derived from the sale or exchange of capital assets may be computed separately and a tax of 12½ per cent paid on such income in lieu of the regular normal tax and surtax. The term "capital net gain" means the excess of the total amount of capital gain over the sum of (a) the capital deductions and capital losses, plus (b) the amount, if any, by which the ordinary deductions exceed the gross income computed without capital gain.

In case a capital net loss is sustained from the sale or exchange of capital assets, the total normal tax and surtax computed on the basis of the ordinary net income shall be reduced by 12½ per cent of such capital net loss; but in no case shall the tax computed in this manner be less than the total normal tax and surtax that would be imposed without the benefit of this provision. The term "capital net loss" means the excess of the sum of the capital losses plus the capital deductions over the total amount of capital gain.

The term "capital assets" means property held by you for more than two years (whether or not connected with your trade or business), but does not include your stock in trade or other property of a kind which would properly be included in your inventory if on hand at the close of the taxable year, or property held by you primarily for sale in the course of your trade or business.

Fill in Schedule D in accordance with Instructions 6 for Schedule C, if the tax is computed under this provision, and enter 12½ per cent of the capital net gain or loss as Item 45 on page 1 of the return. In case of a capital net loss, the amount of such loss and the credit claimed should be preceded by a minus sign or written with red ink. (See Articles 1651 to 1654 of Regulations 65.)

7. DIVIDENDS

Report as Item 7 the amount received as dividends (a) from a domestic corporation other than a corporation entitled to the benefits of Section 262 of the Revenue Act of 1924 and other than a corporation organized under the China Trade Act, 1922, or (b) from a foreign corporation when it is shown to the satisfaction of the Commissioner that more than 50 per cent of the gross income of such foreign corporation for the three-year period ending with the close of its taxable year preceding the declaration of such dividends (or for such part of such period as the corporation has been in existence) was derived from sources within the United States, including your share of such dividends received on stock owned by a partnership, or an estate or trust.

8. INTEREST ON LIBERTY BONDS, ETC.

Schedule E should be filled in if you own any of the obligations or securities enumerated in Column 1. Enter in Column 2 all interest received or credited to your account during the year on these obligations, including your share of such interest received from a partnership, or an estate or trust, and enter in Column 3 the principal amounts of the various obligations owned. Interest on all coupons falling due within the taxable year will be considered as income for the year.

If the obligations specified on Lines (d) and (e) are owned in excess of the exemptions, or any on Line (f) are owned, Columns 5 and 6 should be filled in, and the total of Column 6 entered as Item 8 on page 1 of the return.

9. OTHER INCOME

Enter all other taxable income for which no place is provided elsewhere on page 1 of the return, together with any dividends specifically excluded from Item 7.

10. TOTAL INCOME

Enter the net amount of Items 1 to 9, inclusive, after deducting any expenses reported in Item 1, and losses in Items 2, 4, 5, and 6.

11. INTEREST PAID

Enter as Item 11 interest paid on personal indebtedness as distinguished from business indebtedness (which should be deducted under Schedules A or B). Do not include interest on indebtedness incurred or continued to purchase or carry obligations or securities (other than obligations of the United States issued after September 24, 1917, and originally subscribed for by you) the interest upon which is wholly exempt from taxation.

12. TAXES PAID

Enter as Item 12 personal taxes and all taxes on property not used in business or profession, paid during the year, not including those assessed against local benefits of a kind tending to increase the value of the property. Do not include taxes imposed by Section 600 of the Act upon sales by the manufacturer, Federal income taxes, taxes imposed upon your interest as shareholder of a corporation, which are paid by the corporation without reimbursement from you, nor income and profits taxes claimed as a credit in Item 50 on page 1 of the return.

Any deduction on account of taxes should be fully explained in Schedule F.

13. LOSSES BY FIRE, STORM, ETC.

Enter as Item 13 losses of property not connected with your trade, business, or profession, sustained during the year from fire, storm, shipwreck, or other casualty, or from theft, which were not compensated for by insurance or otherwise. (See Section 214 (a) 6 of the Revenue Act of 1924 and Article 141 of Regulations 65.) Explain losses claimed in the table provided therefor on page 2 of the return.

14. BAD DEBTS

Enter as Item 14 all bad debts other than those claimed as a deduction in items above. State in Schedule F, (a) of what the debts consisted, (b) when they were created, (c) when they became due, and (d) how they were actually determined to be worthless.

15. CONTRIBUTIONS

Enter as Item 15 contributions or gifts made within the taxable year to any corporation, or trust, or community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual. The amount claimed shall not exceed 15 per cent of your net income computed without the benefit of this deduction.

Fiduciaries filing this return for estates in the process of administration are allowed, in lieu of this deduction, that provided in Section 219 (b) 1 of the Revenue Act of 1924.

List names of organizations and amounts contributed to each in Schedule F.

16. OTHER AUTHORIZED DEDUCTIONS

Enter any other authorized deductions for which no place is provided elsewhere on page 1 of the return. Do not deduct losses incurred in transactions which were neither connected with your trade or business, nor entered into for profit.

If this return is filed for an estate in the process of administration, there may be deducted the amount of any income properly paid or credited to beneficiaries.

Any deduction claimed should be explained in the space provided.

17. TOTAL DEDUCTIONS

Enter as Item 17 the total of Items 11 to 16, inclusive. This amount should not include any deduction claimed in Schedule A.

18. NET INCOME

Enter as Item 18 the net income, which is obtained by deducting Item 17 from Item 10. The net income shall be computed upon the basis of the taxable year in accordance with the method of accounting regularly employed in keeping your books, unless such method does not clearly reflect your income.

2018.28.111

19. PERSONAL EXEMPTION AND CREDIT FOR DEPENDENTS

A single person, or a married person not living with husband or wife, may claim a personal exemption of \$1,000. A person who, during the entire taxable year, was the head of a family or was married and living with husband or wife, may claim an exemption of \$2,500.

A "head of a family" is an individual who actually supports and maintains in one household one or more individuals who are closely connected with him by blood relationship, relationship by marriage, or by adoption, and whose right to exercise family control and provide for these dependent individuals is based upon some moral or legal obligation.

If husband and wife file separate returns, the personal exemption may be taken by either or divided between them. In addition to the personal exemption, a credit of \$400 may be claimed for each person (other than husband or wife) under eighteen years of age, or incapable of self-support because mentally or physically defective, who was receiving his or her chief support from the taxpayer on the last day of the taxable year. This credit can be claimed only by the person who furnishes the chief support, and can not be divided between two individuals.

In case the status of a taxpayer changes during the taxable year, the personal exemption shall be an amount which bears the same ratio to \$1,000 as the number of months during which the taxpayer was single bears to twelve months, plus an amount which bears the same ratio to \$2,500 as the number of months during which the taxpayer was married and living with husband or wife, or was the head of a family, bears to twelve months. For this purpose a fractional part of a month shall be disregarded unless it amounts to more than half a month, in which case it shall be considered as a full month. The amount of personal exemption shall not exceed \$2,500 where the head of a family is married during the taxable year.

In the case of an individual who dies during the taxable year, the credits for personal exemption and dependents shall be determined by his or her status at the time of death. Full credits shall also be allowed to the surviving spouse according to his or her status at the close of the taxable year.

Where a return is filed on Form 1040 for an estate in process of administration, or with respect to income held for future distribution, an exemption of \$1,000 may be claimed.

20. PERIOD TO BE COVERED BY RETURN

Your return for the calendar year 1925 shall be made on Form 1040. If the return is for a fiscal year ending on the last day of any month, other than December, in 1925, Form 1040FY should be used.

The accounting period established must be adhered to for subsequent years, unless permission was received from the Commissioner to make a change.

21. ACCRUED OR RECEIVED INCOME

If your books of account are kept on an accrual basis, report all income accrued, even though it has not been actually received or entered on the books, and expenses incurred instead of expenses paid.

If your books do not show income accrued and expenses incurred, report all income received or constructively received, such as bank interest credited to your account, and expenses paid.

22. COMPUTATION OF TAX

Earned income.—In computing the tax on your net income you may claim against such tax a credit of 25 per cent of the amount of tax which would be payable if your earned net income constituted your entire net income. This credit shall be computed in Items 19 to 29, and entered as Item 47, on page 1 of the return, but in no case shall the credit claimed exceed 25 per cent of the total of Items 41, 42, and 43 on the return.

Earned income may consist of amounts received as compensation for personal services actually rendered, or an amount not in excess of 20 per cent of the net profits derived by you from a trade or business in which both personal services and capital are combined.

If your net income is not more than \$5,000, the entire amount shall be considered as earned net income, or if your net income is more than \$5,000, the earned net income shall not be considered to be less than \$5,000. In no case shall the earned net income be more than \$10,000.

Income from a partnership or fiduciary computed on a fiscal year basis.—The tax on income received from a partnership or fiduciary making a return for a fiscal year ended in 1925 shall be computed as if such income were for the calendar year 1925.

Income and profits taxes paid to a foreign country or U. S. possession.—If a credit is claimed in Item 50 on account of income and profits taxes already paid to a foreign country or a possession of the United States, a copy of Form 1116, completely filled in and sworn to must be submitted with your return together with the receipt for each such tax payment. In case credit is sought for taxes accrued the form must have attached to it a certified copy of the return on which each such accrued tax was based, and as a condition precedent to the allowance of this credit the Commissioner may require you to give a bond on Form 1117, conditioned for the payment of any taxes found due if the taxes when paid differ from the credit claimed on your return.

Surtax.—The surtax for any amount of net income not shown in the table below is computed by adding to the surtax for the largest amount shown which is less than the income, the surtax upon the excess over that amount at the rate indicated in the table.

In the case of a bona fide sale of mines, oil or gas wells, or any interest therein, the surtax on the profit shall not exceed 16 per cent of the selling price. See Section 211(b) of the Revenue Act of 1924.

The surtax upon the net income of \$14,875 would be \$57.50, computed as follows:

1. ITEMS	EXAMPLE FOR NET INCOME OF \$14,875		COMPUTATION OF SURTAX ON ITEM 18, PAGE 1 OF THE RETURN	
	2. Net Income	3. Surtax	4. Net Income	5. Surtax
Surtax from table on.....	\$14,000.00	\$40.00	\$.....	\$.....
Surtax at 2 per cent on.....	875.00	17.50		
TOTAL.....	\$14,875.00	\$57.50	\$.....	\$.....

SURTAX RATES FOR 1925

Amount of net income	Rate per cent	Surtax	Total surtax on each amount	Amount of net income	Rate per cent	Surtax	Total surtax on each amount
A	B	C	D	A	B	C	D
\$10,000				\$62,000	21	\$840	\$5,900
14,000	1	\$40	\$40	64,000	22	440	6,340
16,000	2	40	80	66,000	23	460	6,800
18,000	3	60	140	68,000	24	480	7,280
20,000	4	80	220	70,000	25	500	7,780
22,000	5	100	320	74,000	26	1,040	8,820
24,000	6	120	440	76,000	27	540	9,360
26,000	7	140	580	80,000	28	1,120	10,480
28,000	8	160	740	82,000	29	580	11,060
30,000	9	180	920	84,000	30	600	11,660
34,000	10	400	1,320	88,000	31	1,240	12,900
36,000	11	220	1,540	90,000	32	640	13,540
38,000	12	240	1,780	92,000	33	660	14,200
42,000	13	520	2,300	94,000	34	680	14,880
44,000	14	280	2,580	96,000	35	700	15,580
46,000	15	300	2,880	100,000	36	1,440	17,020
48,000	16	320	3,200	200,000	37	37,000	54,020
50,000	17	340	3,540	300,000	38	38,000	92,020
52,000	18	360	3,900	500,000	39	78,000	170,020
56,000	19	760	4,660	500,000+	40		
58,000	20	400	5,060				

23. PERSONS REQUIRED TO MAKE A RETURN OF INCOME

An income tax return must be filed by every citizen of the United States whether residing at home or abroad, and every person residing in the United States though not a citizen thereof, whose gross income for the taxable year 1925 amounted to \$5,000, or whose net income amounted to—

- \$1,000 if single or if married and not living with husband or wife, or
- \$2,500 if married and living with husband or wife, or
- Regardless of amount if the net income exceeds the personal exemption and credit for dependents.

If an individual is single and the net income, including that of dependent minors, if any, is \$1,000 or over, or if the gross income is \$5,000 or over, a return must be filed. If the combined net income of husband and wife, and dependent minor children, if any, is \$2,500 or over, or if their combined gross income is \$5,000 or over, all such income must be reported on a joint return, or on separate returns of husband and wife. In case the husband and wife elect to file separate returns and their combined gross income is \$25,000 or over, each shall make a return on Form 1040, even though the gross income on one of the returns is less than that amount.

A minor must make a return if his net income is \$1,000 or over, if single, or \$2,500 or over, if married, or if his gross income is \$5,000 or over. If the income of a minor or incompetent is derived from a separate estate under control of a guardian, trustee, or other fiduciary, the return must be made by such legal representative.

If the net income of a decedent from the beginning of the taxable year to the date of his death was \$1,000 or over, if unmarried, or \$2,500 or over, if married and living with husband or wife, or if his gross income for the same period was \$5,000 or over, the executor or administrator shall make a return for him on Form 1040 or 1040A.

Under each of the above conditions, a return must be filed even though no tax is due. Note especially Instruction 19, "Personal Exemption and Credit for Dependents."

Income of (a) estates of decedents before final settlement, (b) trusts, whether created by will or deed, for unascertained persons or persons with contingent interests; or income held under the terms of the will or trust for future distribution, is taxed to the fiduciary as a single person, except that from the income of a decedent's estate there may first be deducted any amount properly paid or credited to a beneficiary.

24. ITEMS EXEMPT FROM TAX

The following items are exempt from Federal income tax and should not be reported, unless it is desired to establish a net loss, in which case see Section 206 of the Revenue Act of 1924:

- The proceeds of life insurance policies paid upon the death of the insured;
- The amount received by the insured as a return of premium or premiums paid by him under life insurance, endowment, or annuity contracts, either during the term or at the maturity of the term mentioned in the contract or upon surrender of the contract;
- Gifts (not made as a consideration for service rendered), and money and property acquired under a will or by inheritance (but the income derived from money or property received by gift, will, or inheritance is taxable and must be reported);
- Interest upon (1) the obligations of a State, Territory, or any political subdivision thereof, or the District of Columbia; or (2) securities issued under the provisions of the Federal Farm Loan Act or under such Act as amended; or (3) the obligations of the United States or its possessions. In the case of obligations of the United States issued after September 1, 1917 (other than postal savings certificates of deposit), the interest is exempt only if and to the extent provided in the respective acts authorizing the issue thereof, as amended and supplemented, and should be excluded from gross income only if and to the extent it is wholly exempt to the taxpayer from income tax (see Instruction 8);
- Amounts received through accident or health insurance or under workmen's compensation acts, as compensation for personal injuries or sickness, plus the amount of any damages received, whether by suit or agreement, on account of such injuries or sickness;
- Amounts received as compensation, family allotments and allowances under the provisions of the War Risk Insurance and the Vocational Rehabilitation Acts or the World War Veterans' Act, 1924, or as pensions from the United States for service of the beneficiary or another in the military or naval forces of the United States in time of war, or as a State pension for services rendered by the beneficiary or another for which the State is paying a pension;
- Amounts received by an individual during the taxable year as dividends or interest, not exceeding \$300, from domestic building and loan associations, substantially all the business of which is confined to making loans to members;
- The rental value of a dwelling house and appurtenances thereof furnished to a minister of the gospel as part of his compensation;
- Compensation paid by a State or political subdivision thereof to its officers or employees.

25. AFFIDAVIT

The affidavit must be executed by the person whose income is reported unless he is a minor or incompetent, or unless he is ill, absent from the country, or otherwise incapacitated, in which case the legal representative or agent may execute the affidavit. A minor, however, making his own return must execute the affidavit.

The oath will be administered without charge by any collector, deputy collector, or internal revenue agent. If an internal revenue officer is not available, the return should be sworn to before a notary public, justice of the peace, or other person authorized to administer oaths.

26. WHEN AND WHERE THE RETURN MUST BE FILED

Your return for the calendar year 1925 must be sent to the Collector of Internal Revenue for the district in which you live or have your principal place of business, so as to reach the Collector's office on or before March 15, 1926, unless an extension of time has been granted by the Commissioner.

In case you have no legal residence or place of business in the United States, the return should be forwarded to the Collector of Internal Revenue, Baltimore, Maryland.

27. WHEN AND TO WHOM THE TAX MUST BE PAID

The tax should be paid, if possible, by sending or bringing with the return a check or money order drawn to the order of "Collector of Internal Revenue at (insert city and State)."

Do not send cash through the mail, nor pay it in person, except at the Collector's office.

The tax may be paid when the return is filed, or in four equal installments, as follows:

The first installment shall be paid on or before the fifteenth day of the third month following the close of the taxable year, the second installment shall be paid on or before the fifteenth day of the third month, the third installment on or before the fifteenth day of the sixth month, and the fourth installment on or before the fifteenth day of the ninth month, after the latest date prescribed for paying the first installment.

If any installment is not paid on the date fixed for its payment the whole amount of the tax unpaid shall be paid upon notice and demand by the Collector.

28. PENALTIES

For willful failure to make and file a return on time.—Not more than \$10,000 or imprisonment for not more than one year, or both, and, in addition, 25 per cent of the amount of the tax.

For willfully making a false or fraudulent return.—Not more than \$10,000 or imprisonment for not more than five years, or both, and, in addition, 50 per cent of the amount of the tax.

For deficiency in tax.—Interest on deficiency at 6 per cent per annum to the date the deficiency is assessed, and, in addition, 5 per cent of the amount of the deficiency if due to negligence or intentional disregard of rules and regulations without intent to defraud, or 50 per cent of amount of deficiency if due to fraud.

29. INFORMATION AT SOURCE

Every individual making payments of salaries, wages, interest, rents, commissions, or other fixed or determinable income of \$1,000 or more during the calendar year, to any individual, fiduciary, or partnership, is required to make a true and accurate return to the Commissioner of Internal Revenue, showing the amount of such payments and the name and address of the recipient. Forms 1096 and 1099, for reporting such information, will be furnished by any collector of internal revenue upon request. Such returns of information covering the calendar year 1925 must be forwarded to the Commissioner of Internal Revenue, Sorting Section, Washington, D. C., in time to be received not later than March 15, 1926.

RECEIPT FOR PAYMENT OF TAXES

~~DUPLICATE~~

Payment on 1925 Income

Collector's Office _____, District of

WASHINGTON

at SEATTLE, WASH.

Date

3-10-26

(NAME AND ADDRESS OF TAXPAYER)

J.R. Gort
Edmonds Wash

(Class of tax)

(Description of collection: tax; penalty;

interest; or offer in compromise; etc.)

(Period covered)

Amount, \$

DIST. OF WASH.
SEATTLE DIVISION

TAX \$ 163

PAID \$

BURNS POE
COLLECTOR
TACOMA, WASH.

Received payment,

Collector of Internal Revenue.

J R YOST
EDMONDS WASH

NT 652982

Tapes

60.57
31.31

91.82

200.00

200.00